FOREIGN AGRICULTURE

January
1981

United States Department of Agriculture Foreign Agricultural Service

Farm Policies Face New Pressures in the '80s • **Mexico's New Program Aimed at Lower Imports, Self-Sufficiency** • **Feed Resources in the EC** • **Greece Joins Common Market This Month**

FAS—How It Helps U.S. Farm Exporters

The international arm of the U.S. Department of Agriculture is FAS. Its 850 employees include 101 professionals in agriculture and marketing stations overseas. These people are agricultural counselors, attachés, and trade officers assigned to 74 posts from which they cover more than 100 countries throughout the world.

They report on crop production, supply, demand, trade, and U.S. market opportunities in their countries of responsibility. They help U.S. exporters doing business in the country, and they help plan and supervise market development.

These FAS professionals, along with the support staff in Washington, have three primary functions, all contributing to the agency goal of increasing U.S. agricultural exports.

The first of these is market development. To do this, we work in a variety of programs with nonprofit commodity export promotion groups, with State Departments of Agriculture and their regional export associations, and with individual exporters in such things as overseas trade shows, sales missions, and other activities.

The second function is market access—to lower or eliminate barriers to the flow of U.S. agricultural production in international trade.

Finally, the FAS staff provides U.S. producers, exporters, Government officials, and the public with information on world agriculture and trade in farm products.

Our export assistance programs take two approaches to the expansion of U.S. agricultural exports.

FAS has cost-sharing agreements with 50 nonprofit commodity associations to engage in the export promotion of U.S. products ranging from avocados to wheat.

These commodities associations are supported by contributions from producers, processors, and others within their commodity sectors. FAS and the cooperators share the financing of the projects, which are carried out by the cooperators under FAS supervision. Cooperator projects currently are being carried out in more than 70 countries.

The other approach involves help for individual companies. One of the most important of these programs is the Trade Opportunity Referral Service, called TORS. This is a computerized direct-mail service, which links foreign buyers looking for agricultural products with U.S. suppliers who have asked to be put on the TORS mailing list.

The foreign requests for products are made to FAS representatives abroad. They cable the information to Washington, where the computer matches the products wanted to suppliers, prints the message, and addresses envelopes for mailing to each company offering the products. The TORS mailings are supplemented by *Export Briefs*, a weekly trade letter containing all foreign inquiries received each week.

Working in the other direction, U.S. suppliers can solicit foreign buyers by placing items in the FAS monthly newsletter, CONTACTS, which is sent to FAS representatives abroad for dissemination to the foreign trade. This program is aimed at new-to-market firms or products.

We followed up on one-third of the trade inquiries processed through TORS last year, and the companies that had received them reported a total of $42 million in sales had resulted. On that basis, we feel we are conservative in estimating that TORS, *Export Briefs*, and CONTACTS generated more than $100 million in export sales last year.

FAS also provides new product testing—a service that includes label clearance and taste testing to determine what, if any, changes need to be made in order to sell a product in a given market overseas.

FAS studies of the market in individual countries also are available to U.S. business firms, identifying types of products that have export potential in the country surveyed, and listing major buyers.

In addition, trade fair exhibits and sales teams continue to be effective methods of introducing and promoting agricultural products in foreign markets. FAS already has plans to sponsor 26 of these activities in 1981, and will invite participation by U.S. firms.

Help is available for U.S. exporters overseas from Agricultural Attachés and Counselors, and our new U.S. Agricultural Trade Offices.

They are in Bahrain, Caracas, Hamburg, London, Miami, Singapore, Seoul, and Warsaw. Looking to the near future, we have begun preliminary work on other offices in Beijing, North Africa (most likely Tunisia), and Lagos, Nigeria.

I urge you to make the U.S. Agricutural Trade Office a "must" stop on your next business trip abroad.

Export help is also available from State Governments, which have formed four regional groups, numbering 43 States and Puerto Rico, to promote exports of agricultural products.

So there is plenty of help available to you—from FAS and from your own State Department of Agriculture.

For export success, you have to decide to make exporting part of your total marketing effort and stick to it. There is no place for in-and-outers. You have to treat the export market the way you do your domestic market, with the same attention to quality, supply, price, and customer relations.

—Partial remarks by Thomas R. Hughes, Administrator, FAS, at an export seminar, Houston, Dec. 9.

CONTENTS

FOREIGN AGRICULTURE

Vol. XIX ● No. 1 ● Jan. 1981

Bob Bergland, Secretary of Agriculture

Dale E. Hathaway, Under Secretary for International Affairs and Commodity Programs

Thomas R. Hughes, Administrator, Foreign Agricultural Service

Editorial Staff:
Wallace A. Lindell, Acting Editor
Beverly J. Horsley, Assoc. Editor; Marcellus P. Murphy; Aubrey C. Robinson; Isabel A. Smith.

Advisory Board: Richard A. Smith, Chairman; Richard J. Cannon; William F. Doering; Richard M. Kennedy; Verle E. Lanier; J. Don Looper; Larry N. Marton; Jimmy D. Minyard; Larry F. Thomasson; John A. Williams; Ruth K. Zagorin.

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1984. Yearly subscription rate: $14.00 domestic, $17.50 foreign; single copies $1.20. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

Farm Policies Face New Pressures in the '80s 7

Mexico Initiates New Program To Gain Self-Sufficiency, Lower Imports 9

Greece Joins European Community This Month 12
As the EC's 10th Member State, Greece embarks on a decade of growth and changing focus.

Japanese Firms Seek To Expand U.S. Feed Sources 15
Dissatisfied with efforts to produce feed in nearby countries, trading firms strengthen U.S. ties, says Japanese paper.

New Highs in World Tea Production and Exports 16

Uptrend Continues in World Cocoa Bean Output 17

Zimbabwe Stresses Corn and Wheat To Recoup Drought Losses 19

Feed Resources of the European Community 20

U.S. Governors Focus on Farm Export Challenges 22

USDA Works With International Agencies To Combat Animal Diseases Around the World 23

Departments

Comment 2

Agri-Data 4

Commodity Update 5

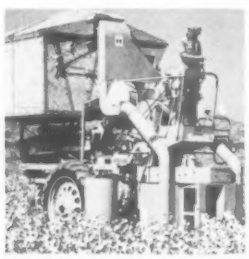
Fact File—*U.S. Farm Trade Highlights, 1980* 25

Country Reports 27

Trade Briefs 33

World Agricultural Daybook 35

Cover photo: Palm trees on coast of Bali, Indonesia



Page 12

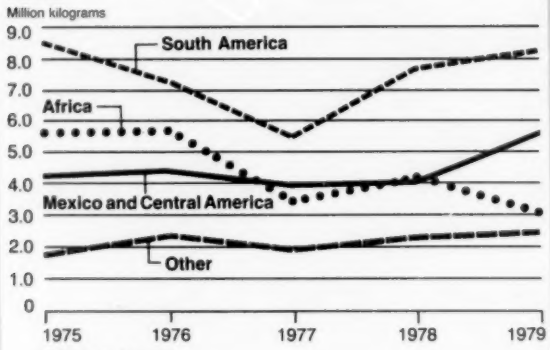
Page 17

Page 28

AGRI-DATA

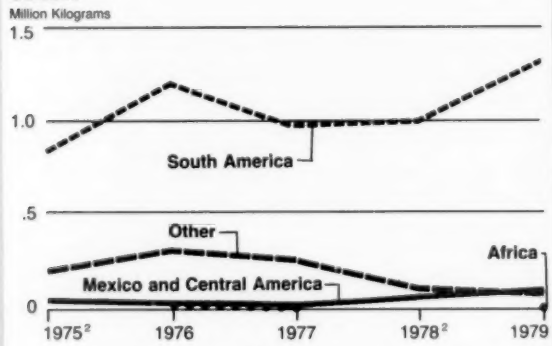
Suppliers of U.S. Coffee

Green[1]



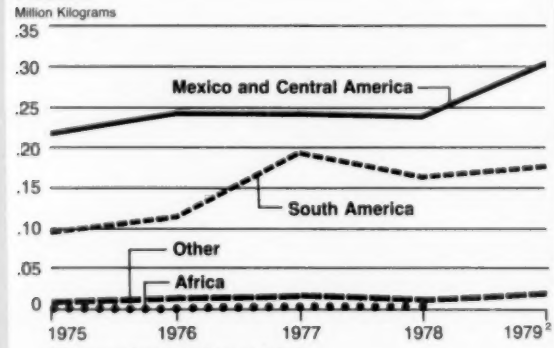
[1]Bags of 60 kilograms.

Soluble[1]



[1]60 Kilogram bags (green-bean equivalent).
[2]African countries have been erratic suppliers of soluble coffee.

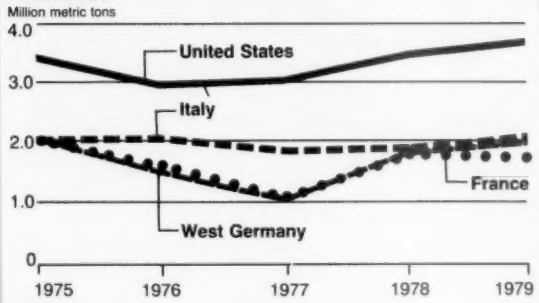
Roasted[1]



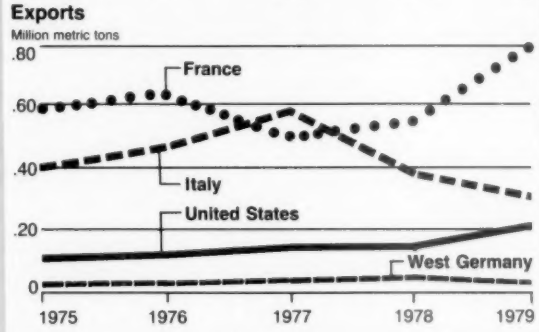
[1]60 Kilogram bags (green-bean equivalent).
[2]African countries have been erratic suppliers of roasted coffee.

Fresh Apple Production and Exports by Four Top Producers; 1975-1979

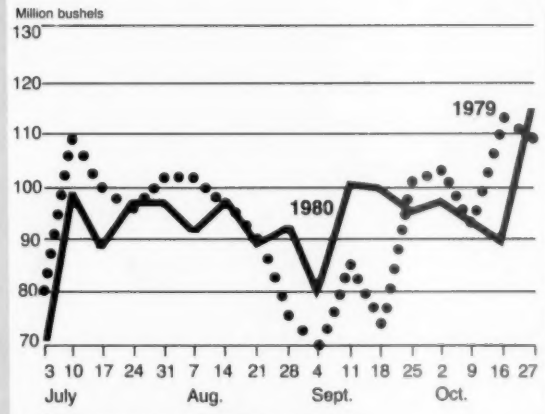
Production



Exports



Weekly Inspections of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley & oats.
[2]Week ending on date given.

COMMODITY UPDATE

THE 1980/81 WORLD GRAIN SUPPLY AND DEMAND BALANCE, INCLUDING RICE, has changed little from the *World Grain Situation/Outlook Report* of November. The outlook for world grain trade improved slightly, as the Soviet import forecast was increased to reflect greater availabilities from non-U.S. sources. World production and utilization both were raised slightly, leaving 1980/81 grain stocks forecast at 152 million metric tons, about the same as the previous forecast. The estimate for world rice output was raised to a record 392 million tons (rough basis).

With the relatively tight world wheat and coarse grain situation, the 1981 harvest will be critical, but early indications are for some expansion in area in the major grain-producing countries. It seems likely that area sown to winter wheat in the United States will be up significantly, with the strong possibility that total wheat plantings in 1981 could exceed the previous record of 33.9 million hectares set in 1949. Area planted to coarse grains next spring also seems likely to exceed 1980 levels.

Partially in response to higher prices and anticipated strong export demand, grain plantings in 1981, particularly of wheat, are currently expected to increase in Canada, Australia, and Argentina. Preliminary planting reports indicate increased area sown to winter wheat in India, the European Community (EC), Pakistan, China, Spain, Greece, and Finland, among others.

With India's 1981 wheat area estimated at 500,000 hectares above 1979's, the outlook for Indian production appears fairly good, as the 1980 monsoon was better than that of the previous year and resulted in increased soil moisture reserves. Prospects appear more favorable than in 1979 for Chinese wheat production, owing to increased moisture supplies and warmer temperatures than a year ago.

THE 1980/81 WORLD OILSEED PRODUCTION ESTIMATE IS DOWN TO 161 MILLION METRIC TONS, 14 million tons below the 1979/80 crop. Principal causes were slumps in the size of the Soviet sunflowerseed crop (down by 600,000 tons) and in Indian peanut production (also down by 600,000 tons).

U.S. exports of oilseeds and products rose to $804 million in October. Larger soybean and sunflowerseed shipments were primarily responsible for the gain. U.S. peanut exports climbed to 18,956 tons, up 10,000 tons from those made in September.

U.S. imports of vegetable oils jumped to $62 million in October, 85 percent higher than the September level, primarily because of larger palm and coconut oil volumes.

WORLD FLUE-CURED TOBACCO OUTPUT DURING 1980 IS TENTATIVELY ESTIMATED at 2.14 million metric tons, down 5 percent from the 2.26 million tons produced during 1979. This is the lowest level since 1973 and may ease the world oversupply situation for flue-cured filler tobaccos.

Lower flue-cured production in China, Brazil, India, Japan, South Korea, and South Africa were not offset by increased output in the United States, Zimbabwe, Canada, and Argentina.

The reduced crops in China and Brazil were primarily the result of unfavorable growing conditions. Growers in India, Japan, South Korea, and South Africa planted less tobacco in response to low prices or excess domestic supplies. Even in the United States, where the crop was 16 percent above the disease-reduced 1979 crop level, output was still the second lowest since 1972.

WORLD 1980/81 COTTON PRODUCTION IS ESTIMATED AT 64.0 MILLION BALES (480 lb net), based on the FAS *World Crop Production* Circular of December 10. Total production is down 1.6 million bales from that of 1979/80, with U.S. production of 10.9 million bales off 25 percent and foreign pro- tion up 1 percent. Estimates for the USSR, the People's Republic of China, and Egypt have been increased from the November level. U.S., Indian, and Pakistani estimates have declined.

Continued favorable reports point to a second consecutive record for USSR seed cotton production, which is estimated at 14.2 million bales of lint, compared with 13.1 million in 1979/80. Updated information from China indicates production increases in the northern area will raise lint production to 11.0 million bales from 10.1 million in 1979/80.

U.S. exports in 1980/81 are forecast at 5.5 million bales, considerably below the high 1979/80 level of 9.2 million bales.

FAS'S FIRST ESTIMATE OF 1980/81 WORLD SUGAR PRODUCTION is for a crop of 87.1 million metric tons. This is 3 percent higher than the 1979/80 figure, but still about 2.9 million tons below estimated consumption needs. Continuing production problems in the Soviet Union and Cuba are again responsible for the low level of projected output.

Sugar prices, which rose sharply in 1979/80, recently have fallen off some, but are expected to peak again in 1981. However, there are indications that higher prices are reducing consumption levels, and this will moderate further price rises.

LED BY A RECORD U.S. CROP OF 199,600 METRIC TONS (INSHELL BASIS), world walnut production in 1980/81 is expected to total 265,400 tons—up 3 percent from the previous season's record crop. Production in the United States—the world's largest supplier—is expected to continue to increase in the near future as recently planted area comes into bearing. U.S. exports should continue to expand as foreign production delines and overseas buyers look to the United States to satisfy the increased demand.

World pistachio output is expected to total 43,400 metric tons (inshell basis), up 14 percent from last season's reduced outturn but off 43 percent from 1978's record crop.

Production and exports from Iran (the world's largest producer and supplier) are expected to be off considerably from that country's potential.

CANADA IS CONTEMPLATING REGULATION OF IMPORTS ON FRESH, FROZEN, AND CHILLED BEEF AND veal. Canadian Meat Import Act (Bill C-46)—introduced into the Canadian Parliament, November 24, 1980, by Canadian Agricultural Minister Eugene Whelan—must receive parliamentary approval to become law.

The proposed legislation provides authority for Canada to set import quotas on beef, based on the average level of imports in the 1971-75 period. Quotas under the proposed Act would be adjusted to reflect changes in Canadian beef consumption and in the level of cow and heifer slaughter. The proposed legislation—broadly based on the principle of the U.S. Meat Import Law—is designed to limit imports when domestic beef production is high and to increase imports when domestic production is low.

TOTAL 1980/81-SEASON CITRUS PRODUCTION IN THE PRINCIPAL COUNTRIES AND TERRITORIES of the Mediterranean Basin is forecast at nearly 11.9 million metric tons. The almost 2-percent gain over last season's outturn is attributed mainly to an expected 60-percent surge in Greece's output, which recovered from freeze damage incurred two seasons ago. Production is also expected to gain in Italy and Egypt.

Turkey, Morocco, and Israel, on the other hand, are expecting some reduction in their citrus crops. The declines in Turkey and Morocco follow last season's above-average harvests.

Agricultural Policies Face New Pressures in 80's

By Thomas R. Saylor

It is now apparent that a much tighter balance will exist between world supply and demand for grains and other basic agricultural commodities in the coming decade. During the 1960's, foreign production of wheat and coarse grains lagged behind use by about 30 million tons annually, while both production and use were growing at about the same rate—22 million tons annually. That changed dramatically in the 1970's, when foreign use rose by 26 million tons a year while the increase in production dropped to 19 million tons a year.

This means, of course, that the shortfall between foreign production and utilization widened significantly during the 1970's; and if the present trend continues, that gap could average around 150 million tons during the mid-1980's.

In this situation, the world has grown increasingly dependent on U.S. agriculture to maintain its requirements. The United States accounted for 36 percent of the world's wheat trade in 1970 and supplies 46 percent today. The U.S. share of coarse grain trade has risen from 43 percent in 1970 to 73 percent today, and that of rice from 16 percent to 24 percent.

The dynamic export trade of the early 1970's produced a major turn in U.S. farm policy. The policy theme in the 1950's and 1960's was managing excess capacity. Export market expansion was emphasized to utilize previously unused production capacity. P.L. 480 was born, and with it the cooperator and other export expansion programs of the Foreign Agricultural Service. Export subsidies were used to offset generally higher U.S. domestic prices in establishing export markets.

By the 1970's, the theme of agricultural policy had become managing year-to-year variability in supply—a variability largely driven by foreign demand. Stockpiling, primarily through a reserve, held and owned by producers, became a cornerstone of farm policy—and we might well wonder where the world food balance would be today if the U.S. farmer had not adopted that policy of reserve.

As supply conditions tighten, the 1980's may very well be characterized by attempts to limit, rather than stimulate, the growth in real prices for agricultural commodities by balancing domestic markets through regulation of export flows. Such a policy was put into effect with the soybean export embargo of 1973.

Similarly, restraints on trade with the Soviet Union were imposed for economic reasons in 1974 and 1975. However, attempts to control inflation by regulating exports have not been effective in achieving even this short-term objective. Furthermore, such actions may be counterproductive to maintaining a balance in the food economy over the long term, by discouraging investment, which can increase agricultural productivity and marketing efficiencies.

Over the past year, it is apparent that the impact of the embargo on commodity prices was minimal. This, in large part, reflects the truly global nature of export demand, and the interchangeability of markets. The lack of effectiveness in regulating trade with one destination should have important implications for the question of bilateral trade agreements.

Some argue that agreements such as the U.S.-USSR Grain Agreement are necessary to limit excess demand and price volatility.

Clearly, and as should be expected, restricting supplies to certain markets does not reduce the overall demand for exports. As 1980 trade figures show, while other suppliers demonstrated a limited capability to fill a market we had curtailed (the USSR), we filled markets that would otherwise have been served by Canada, Australia, or other foreign suppliers, and our total export volume was not significantly changed.

Similarly, bilateral agreements, in themselves, have little capability to increase U.S. exports. The export volume of our competition is largely a function of how aggressively they are willing to price to meet export targets and their export availability. Presuming that new demand is not created through a bilateral agreement, the trade we displace between our competitors and a particular market must be laced by U.S. exports in the other markets.

I must conclude that, in general, agreements regulating trade between two countries are unlikely either to increase or decrease total world trade and, therefore, demand for U.S. farm commodities. However, the bilateralization of trade in guaranteed supply-purchase agreements does lead to greater potential instability of trade to the extent that a large share of the world's exportable supply becomes committed through "entitlements." In a situation of tight supply, those countries that do not have all their requirements covered by a supply commitment will have to bid for their needs on the "residual" world market. And because this market will be reduced by the amount that is committed under bilaterals, it will become considerably more volatile than if the total exportable supply were open for bid.

I nevertheless point out certain virtues in the U.S. agreements with the Soviet Union and China. The primary one is that of better information on import requirements of two

---

Excerpted from a speech by the Associate Administrator of the Foreign Agricultural Service at the USDA Outlook Conference, '81, November 17-20, 1980, in Washington, D.C. □

large and variable markets for agricultural commodities. Both are closed systems about which crop and demand information is limited. Better information on ultimate demand will contribute to more orderly market adjustments and reduce the potential for direct intervention in trade.

There are similarities between the agreements, but there also are differences. In the Soviet case, the U.S. may limit exports at 8 million tons unless prior agreement is reached on a higher level of trade. With the Chinese, only notification is required if purchases above 9 million tons are intended. The Chinese agreement also guarantees that China will not be discriminated against in the application of short-supply controls to the basic levels provided for in the agreement.

Each agreement serves a specific purpose. But do these agreements suggest a new U.S. export marketing strategy characterized by bilateral agreements? From an economic rationale, the answer has to be no. As my previous arguments suggest, bilateral agreements in themselves will not increase or decrease trade in the circumstances we anticipate in the year ahead. Rather, they may only destabilize world trade in situations of short supply. Furthermore, any supply assurance sought under one agreement would certainly be sought by all. I believe we are unlikely to choose to so discriminate between export customers.

What about multilateral arrangements in the context of tight supply? The efforts to negotiate an international wheat agreement incorporating nationally held grain reserves failed primarily for one reason: because importing countries extrapolated the supply balance prevailing at the time to the situation of oversupply that characterized the 1950's and 1960's. Anticipating a buyer's market, they were unwilling to make the serious financial commitments necessary to ensure an adequate reserve to protect against expected fluctuations in supply.

Now we are in a seller's market, and the interest of importing countries is likely to become somewhat greater. While the world would be unable to put a stabilizing scheme into effect in a situation where grain stocks are already limited, the rules that would permit its establishment could be agreed upon to come into play during the next abundant supply/short supply cycle. Such an arrangement could diffuse the burden of stabilization, which is now borne primarily by the United States, and would help avoid abrupt intervention to regulate trade.

However, this will not happen. The exporting nations will not compromise their opportunities in a seller's market. Nor will finance ministers anywhere obligate the resources necessary to have a viable stabilization scheme. In fact, I believe that in the International Grains Arrangement of 1967, we have seen the last grains agreement incorporating economic provisions.

I believe the future for any international commodity agreement incorporating economic obligations is grim for several reasons. International commodity agreements work well until tested by economic forces. Without exception, commodity agreements will fail when confronted with any significant supply imbalance. They will fail, first, because the magnitude of supply imbalance for most basic agricultural commodities requires substantial resources to maintain adequate stocks or to effect the consumption adjustments to redress the supply imbalance; and second, because other governments are unwilling to commit the necessary level of resources or to expose the domestic economy to any significant adjustment in consumption.

And without those kinds of agreements, it will be up to those markets open to the world—as the United States is for grains and oilseeds—to make the adjustment in consumption or to establish the stabilization schemes to balance world supply.

It is such a concern that will give rise to pressures to establish in the United States a differential between the domestic and international market for basic agricultural commodities, either through an export tax or through direct regulation of the quantities of domestic supplies moving into export trade—in other words, export controls.

Such a policy would be shortsighted. I believe strongly that the only means of assuring long-term supply and reasonable food costs in the United States is to permit a substantial increase in the real price of agricultural commodities. This means that we will have to tolerate increases in the proportion of income Americans spend for food, which—at less than one-fifth—is the lowest in the world. Our livestock industry and other sectors that depend on agricultural commodities as a production input also will be faced with increased costs.

I do not believe America has reached its agricultural production potential. As we have been surprised in recent years by the capacity of American agriculture to respond to increased incentives, we may be surprised in the future. Looking at yet-untapped yield potentials and the limited application of certain intensive cultivation opportunities, I am convinced that U.S. agriculture can and will respond to a stable long-term price incentive. I do not believe the level of that incentive can be a public sector decision. It is a market decision.

The United States has developed the most efficient food and fiber system in the world. It is efficient for one reason—because investment in agriculture and its marketing systems has been economically attractive. Contrast that with the pattern of resource constraints in those systems where agricultural investments are controlled primarily by the government or a quasi-government agency. What would happen, for example, if investment in a grain terminal had to be weighed against investment in a missile silo, a child-care program, or a new government office building? Or what would be the effect on our agricultural productivity if commodity prices were restrained at a level determined by short-term political expedience?

Our system must also be recognized for its responsiveness to increasing consumption requirements of the world. As prices have risen, our producers have moved to increase their output. Our marketing system has invested in the capacity to handle the needs of both the domestic and international economy. Unlike certain nations privileged with control over a basic resource, we have not entered into arrangements with other producing countries to raise prices by restricting supply. We have maintained a system that offers foreign customers access to our market on the same basis as domestic consumers.

I believe our marketing system will survive. It will survive despite the most intense pressures over the next decade because it is a proven system. It is the only system that will maintain a food and fiber supply necessary to meet the increasing demand and foster the political stability of the international community.

SAM Is Launched

Mexico Aims Self-Sufficiency In Basic Foods, Reduced Imports

By John E. Link

Typical small, labor-intensive farm in Mexico.

Against a background of a troubled agricultural sector and rising farm imports, Mexico has launched an ambitious farm and food program aimed at achieving nationwide self-sufficiency in such staples as corn and beans by 1982 and in other basic foods by 1985. Progress will doubtless be made, but a number of factors—such as weather and a high proportion of unproductive land—will probably keep imports at a significant level as consumer demand grows.

The new program, known as SAM (Sistema Alimentario Mexicano, or the Mexican food system) is a sharp departure from earlier ones. The major thrust of the new program is to upgrade the diet through increased food production for approximately one-third of the population that suffers from inadequate nutrition. The expected food gains, to come mainly from rainfed areas, is not targeted for export markets.

The program also stresses the need to improve the welfare of rural farmers through greater attention to dryland and tropical agriculture—not just irrigated agriculture—while emphasizing expansion of applied research, credit, technical assistance, and use of inputs, especially fertilizer and insecticides.

But implementing the costly SAM program will pose new problems and some tough choices for Mexican economic planners. The probable outcome will likely involve tradeoffs among conflicting goals, such as expanding cultivated area at the expense of pasture for livestock or intensifying livestock operations that require more imported feedstuffs.

During the past decade, Mexico's agricultural production has failed to keep pace with rapid population growth and the migration from farm to city. This, together with Mexico's newly found oil wealth, has led to rising agricultural imports, almost entirely from the United States.

Although Mexico has achieved production gains in many of the major crops since the early 1960's, these advances have been wiped out by larger increases in demand. Some 54 percent of the country's cropland is devoted to corn, the major foodgrain and one of the main targets of SAM.

Since 1960, corn production has increased 3.1 percent annually, averaging 9.6 million metric tons during 1975-79, but consumption has risen 4.5 percent yearly for an average need of 11.2 million tons during 1975-79. The difference during these 5 years has averaged 1.6 million tons in imports, primarily from the United States.

Wheat, another important foodgrain, is consumed mainly as bread and pastries in urban areas. Again consumption has far outdistanced domestic production. Rice is also consumed in the urban areas, but by the higher income groups that lie outside the scope of SAM.

Sorghum, the principal feedgrain in Mexico today, has experienced phenomenal growth since the mid-sixties. Compared with minimal output in the mid-1960's, production has reached as much as 3.4 million tons, with 98 percent used for animal feed. A tradeoff under SAM for more corn could reduce the area planted to sorghum, thus increasing these imports. Soybeans, a relatively new crop since the early 1960's, account for only a small part of Mexico's domestic soya requirements that are now approaching 1 million tons annually.

In fiscal 1979/80 (October-September), Mexico became a $2-billion U.S. farm market for the first time, more than doubling the year-

The author is an agricultural economist, Economics and Statistics Service.

earlier export level in value.

Two major factors for the sharp rise in Mexico's farm imports from the United States were the growing demand from the country's middle class and the 1979 production shortfall due to drought that damaged fall crops. Weather will continue to play a large role in Mexico's farm production—and in the success of SAM. Without a boost in yields or expansion in cultivated area, a trend of increased imports can be expected—primarily for coarse grains, wheat, oilseeds, and protein meals.

The import flow of U.S. farm products into Mexico also accelerated in 1980 as a result of stepped-up Mexican buying after signing a supply agreement with the United States on January 16. Later, on December 3, the two countries signed an agreement providing for the purchase by Mexico of at least 6 million tons of U.S. farm commodities in calendar 1981.

According to Secretary of Agriculture Bob Bergland, the new agreement is similar to the 1980 pact, covering 4.76 million tons of commodities and amended in September to 7.2 million tons.

Bergland, while in Mexico City to amend the 1980 agreement, called it "an excellent example of how our two nations cooperate in mutually beneficial ways....we have developed one of the fastest growing commercial relations between any two trading partners in history."

Mexico—the fourth largest U.S. export market—bought $9.7 billion worth of farm and nonfarm products in calendar 1979, up sharply from $1.7 billion at the start of the decade. As a market for U.S. farm products, Mexico ranked first among Latin American countries and third worldwide in fiscal 1980.

Although Mexico's general import policies are restrictive, private industry and business interests rely increasingly upon imported agricultural commodities, such as oilseeds, grains, hides and skins, animal fats, and processed food products. Demand for soybeans, soybean meal, corn, and sorghum is growing rapidly as Mexico's poultry and hog production continues to expand.

Mexico has tremendous potential for even further growth as a market for U.S. agricultural products, and as the country develops and as consumer disposable income grows because of the expanding petroleum industry—there will be greater opportunities for exchange of goods and services between the two countries.

In 1979, the United States imported $8.8 billion worth of goods from Mexico, making that country the third largest U.S. trading partner. The 1979 imports included $1.2 billion of agricultural products.

Traditionally, Mexico's leading agricultural sales to the United States had consisted of coffee, cocoa, and bananas—products not grown extensively in the United States.

Although U.S. imports of these traditional items are still sizable, the most dramatic import increases in recent years have involved such competitive products as animals and animal products and, in particular, fruits and vegetables.

The growth in U.S. farm exports to Mexico has caused increasing concern in Mexico. Likewise, similar reservations are expressed by certain groups in the United States over the import of Mexican products. The concern voiced most prominently by Mexican authorities is vulnerability to the use of food as a weapon, and, thus, reliance on the United States as the sole or major source of supply.

In addition, some Mexicans are worried about the price, quality, and supply of food—and better nutrition—in Mexico. The combination of these factors prompted Mexico to change the direction of its agricultural policy this past spring.

Over the past 40 years, Mexico has attempted to strike a balance between two partially competing objectives of agricultural policy: Increasing domestic food production and exports, and improving living conditions of the rural poor. Over the years, production and export objectives have been pursued more vigorously, but progress in this area has not greatly benefited the rural poor.

The policy mix emphasized irrigation and land development, price and marketing assistance, and further protection from agricultural imports. Supporting national goals were programs in research (for example, development of high-yielding grains), extension services, and improvements in education. The National Food Supply Agency (CONASUPO) administered most of the Mexican price and market support programs for grain and oilseeds.

These Mexican farm policies continued into 1980. In February, the Ministry of Agriculture and Water Resources (SARH) announced a new program for increased production of basic grains for both human and animal consumption. The program called for a 15-percent expansion in area devoted to these crops.

Most observers believe the emphasis implied increased production of animal feeds and meat, reflecting the Government's attempt to concentrate the bulk of its efforts and resources on the more productive agricultural regions.

SAM's appearance a month later came somewhat of a surprise. In a major speech, President Lopez Portillo announced limits on petroleum production, postponement of Mexico's entry into the General Agreement on Tariffs and Trade (GATT), and a reorientation of agricultural policy.

These decisions are closely linked and address the major policy issue of Mexico either leaning more toward international market forces or pursuing a more protectionist course. Based on current information, it appears Mexico is following the latter course.

An overriding Mexican concern is that Mexico avoid the pitfalls experienced by major oil-exporting countries. These include the distortion in consumption of nonessential items, emphasis on industrial development, and growing dependence on agricultural imports. The prime thrust of Mexico's decision on oil, trade, and agriculture is to reassert national control over the nature and timing of internal development.

Targets for SAM stemmed from a comprehensive food profile of Mexico that was completed in 1979. In contrast with previous surveys, this one revealed significant changes in the country's nutrition patterns. Approximately 35 million Mexicans out of a total population of about 67 million had diets that did not attain the minimal daily nutrition requirement established by Mexican nutritionists of 2,750 calories and 80 grams of protein per person. From this large population, a group of the more seriously malnourished was defined, consisting of some 13 million rural dwellers and 6 million in urban areas.

SAM—the new food system—has 12 action areas for which programs have

been announced sporadically since spring. These programs involve at least seven different executive agencies, each of which has been assigned substantive roles that apparently supersede their previous functions.

SAM will concentrate on the poorest of the rural poor and the landless or small farmers in rainfed areas, since these districts are believed to have great potential for increased food production.

The rallying symbol for SAM is self-sufficiency in corn and beans and in other basic foods. To reach these goals, the main strategy involves expanding the area devoted to staple foods while increasing yields.

Over the short run, a major instrument is price policy through which the Government hopes to diversify crops. The 1980/81 guaranteed prices for corn, wheat, and sorghum were increased 28, 18, and 24 percent, respectively, over year-earlier levels. This would put corn at about Mex$4,450 per ton, equivalent to about US$190, as of the beginning of December 1980. In addition, available credit was increased by about one-third, with preferential interest rates. Crop insurance premiums were lowered by 3 percent.

The longer-term strategy concentrates on expansion in cultivated area and higher rates of productivity. The new lands, now in pasture, are likely to be found in the tropical gulf coast. Increased productivity will be sought primarily in the rainfed districts of the central highlands.

A novel feature of SAM concerns "shared risks," whereby the Government, in cases of a crop disaster, guarantees a minimum income for producers. Compensation would be based on local productivity norms—and not simply the repayment of the production costs.

To qualify, producers must participate in the process of "technological improvements." Peasant organizations have been asked to persuade their members to join the program "in alliance with the State."

On the consumption side, SAM will encourage what it calls "Basic Recommended Baskets" or model diets for three regions of the country. The recommended foods will be linked to production goals in these regions. In the north, there would be an emphasis on wheat; the gulf zone would emphasize rice; and corn would be stressed in the southeast. Cereals in all three regions would be complemented with beans.

In order for the targeted consumer groups to receive these foods, the State Governments will have to make the country's distribution channels more effective, with substantial assistance from CONASUPO and related organizations.

Nonetheless, the overall price tag for subsidizing inputs, production, and consumption is enormous. The estimates for 1980 are about Mex$50 billion (US$2.2 billion for production and Mex$35 billion (US$1.5 billion) for consumption.

What are the prospects for SAM? Can Mexico achieve self-sufficiency in basic food staples by 1985? Probably not, but that may not be the most important aspect of the new program. SAM could become a valuable symbol as Mexico approaches the 1982 national elections, laying the groundwork for further changes in agricultural policy during the next administration.

However, preliminary analysis indicates there are a number of economic and other factors that could cause problems for SAM. First is the weather. Much of the program's efforts will be concentrated in rainfed areas, and in Mexico, with more than half of the country arid or semiarid, rainfall is critical. In 4 of the past 9 years rainfall was 10 percent or more below average and only twice was it 10 percent higher than normal.

For the first 2 years, SAM implies that production increases will come from shifts in crop areas, which could cause shortages in some crops and higher imports of these foods.

In the longer term, SAM indicates new lands will be brought into crop production, which could require incentives—and possible changes in the land-use law—to encourage ranchers to shift to crop production. As well, a shift from extensive pasturing of livestock may imply increased imports of livestock products or more feedgrain imports.

Both SAM and increased cultivation of the rainfed districts are new concepts and implementing such a massive program will take time.

Most importantly, though, SAM is aimed at about one-third of the population that does require some kind of help. However, it does not seem to address the fact that the rest of the population because of rising incomes is changing and stepping up its demand for many agricultural commodities, particularly animal protein and processed foods. This factor could produce total demands—especially for feed ingredients—that far exceed Mexico's productive capacity. □

Selected U.S. Agricultural Exports to Mexico, FY 1979 and 1980.

Commodities	Quantity		Value	
	1979	1980	1979	1980
	1,000 mt.		*Mil. dol.*	
Animal and animal products	—	—	239.4	281.9
Meats and meat products	31.6	43.9	24.2	38.2
Poultry and poultry products	—	—	14.7	23.7
Dairy products	—	—	22.5	52.6
Fats, oils and greases	76.4	107.2	47.4	61.6
Cattle (1,000 head)	30.0	15.0	22.0	12.2
Cattle hides (1,000 pieces)	2,367.0	1,832.0	84.8	66.3
Grains and preparations	—	—	393.0	1,058.1
Wheat	1,199.6	875.8	181.6	157.5
Rice	13.1	33.8	2.4	11.9
Corn	628.4	3,869.9	75.7	526.1
Grain sorghum	1,113.1	2,255.1	117.2	305.1
Oilseeds and products	—	—	256.0	411.0
Soybean meal	91.2	147.7	25.7	41.9
Soybeans	574.9	845.1	150.7	226.8
Soybean oil	5.1	31.4	3.0	18.8
Subtotal	—	—	888.5	1,750.2
Other	—	—	83.4	253.1
Total	—	—	971.9	2,003.3

Greek Entry Into the EC Launches a Decade of Growth And Changing Focus

By Miles J. Lambert

Harvesting cotton in Greece.

After an 18-year association with the European Community (EC), Greece this month formally cements the bond by becoming the 10th EC Member State.

For Greece, accession to the EC provides considerable opportunity to restructure and modernize a lagging economy. For other members, it provides some weighty challenges as they take on economic and agricultural problems of a country that so far has not developed in step with their faster tempo but will be influential in forging new directions for EC farm policy.

The accommodations required by the EC, especially regarding the Common Agricultural Policy (CAP) with its protective price support system for EC farm production, would seem to pale in comparision with Greece's task. Yet it must be kept in mind that Greece is but one of three additions to the EC. The other two—Spain and Portugal—are slated to become members by the mid-1980's and will bring with them problems and policy concerns similar to those posed by Greece, thereby increasing the political clout—and the demands on the EC budget—of the Mediterranean countries.

Greece's entry into the EC also portends changes for U.S. agricultural exporters as they are increasingly influenced by the production and trade policies of the Community—the largest single market for U.S. farm products and a formidable export competitor as well. During fiscal 1980, the United States shipped $9.20 billion worth of farm products to the EC-9, including $3 billion worth of soybeans, $1.2 billion of feedgrains, $347 million of wheat, $221 million of cotton, $507 million of tobacco, $384 million of fruits and vegetables—Greece itself is a market for more than $250 million annually of U.S. farm products—mostly corn and soybeans—and it is a major exporter of tobacco, cotton and textiles, dried fruits, citrus, and olive oil.

Underlying all of this is the need to monitor EC policy changes as a means of gaging the impact of full EC expansion on U.S. trade with both the EC and third countries.

Greece's odyssey toward accession began in November 1962 with the Agreement of Athens. The Agreement mapped out the diminution and eventual elimination of duties between Greece and the EC and Greece's harmonization of its external tariffs with those of the EC, leading to full membership.

Although the trade-related portions of the Agreement proceeded, various financial measures and the ultimate question of membership itself were held in abeyance during Greece's 1967-74 dictatorship. With the return of democratic rule, the EC agreed to proceed with the central issue. Following Greece's application for membership in 1975, a series of negotiations was held, resulting in the May 1979 Treaty of Accession. The Treaty entered into force on January 1, 1981, after its ratification by EC members.

The contrasts between Greece and the EC as a whole are vivid. With somewhat under 9.5 million people, Greece will add scarcely 4 percent to the population of the EC. Greece's gross domestic product (GDP) of $31.6 billion in 1978 was less than 2 percent of GDP for the entire EC.

Greek agriculture, too, is dwarfted by total farm production in the EC; however, it plays a disproportionately large role in the Greek economy and therefore is a source of concern to the EC generally. For instance, agriculture accounted for 14 percent of Greece's GDP (constant prices) in 1978, compared with only about 5 percent in the EC. And it employed approximately 28 percent of the labor force in Greece, compared with 8 percent in the EC, while supplying 34 percent of all Greek exports against 12 percent of EC exports.

Greece's entry into the EC comes at an inauspicious time economically. After a decade of rapid development in most areas of the Greek economy, 1979 saw numerous indicators slip. GDP grew by about 4 percent, compared with 5.9 percent in 1979. Inflation, as measured by the Consumer Price Index (CPI), soared to 19 percent from 12.5 percent in 1978.

The trade deficit rose to almost $6 billion from $4.5 billion in 1978. The deficit was covered to a large extent by continued gains in the balance of

The author is an agricultural economist with the International Economics Division, Economics and Statistics Service.

invisible transactions (tourism, shipping, migrant remittances), but the current account deficit nearly doubled to about $1.9 billion. Final results for 1980 are expected to show further deterioration in each of these indicators.

Accession to the EC will bind Greece to a market of much greater size and resources. By stimulating output, increasing export possibilities, and promoting some restructuring of the industrial and agricultural base, there is potential to alleviate the deterioration in financial indicators. But that potential will not be speedily achieved. Most EC economies are in the throes of recession.

In addition to problems presently imposed by imported inflation, the challenges faced by Greek industry in adapting to the EC are awesome. The average size of industrial firms in Greece is the smallest in Western Europe. A number of important Greek export manufactures, such as shipbuilding and textiles, are very sensitive to world economic conditions. Investment in productive capability has been stagnant for some years, and wage increases have outpaced productivity gains.

Solutions of these problems were postponable in the relatively robust period of the mid-1970's, when developments in overseas markets were mostly favorable, invisible inflows were rising rapidly, and the country enjoyed an excellent credit position. The subsequent economic downturn led to further delays in the restructuring that must take place if Greek competitiveness is to grow. Substantial EC financial aids now will be required to speed this change.

Restructuring of industrial output also holds the key to needed improvement of productivity in Greek agriculture. The agricultural sector may be in a better position to shed itself of underutilized farm labor and to hasten consolidation of the country's many small and highly fragmented farms, which often employ outdated techniques.

Yet, these adjustments also could result in further migration to cities (above all, to the already overcrowded Athens area) or emigration (particularly to EC countries), which could result in greater drains on EC financing for social purposes than are already envisioned. To reduce such occurrences, Greece is instituting incentives for a new geographical distribution of industry.

Greek agriculture also is in need of some restructuring of output. Rising prosperity and burgeoning tourism in the post-World War II period necessitated increasing imports of livestock products for consumption, which Greece could not supply on its own because of poor farm structure and technology, as well as lack of sufficient feedstuffs for livestock. Both meat and feedstuff imports rose in the effort to supply the deficit. In contrast to the domestic shortfall in production of meat and feedstuffs, Greece is often burdened by surpluses in its traditional Mediterranean products, which are subject to wide fluctuations in output and in world demand.

Nevertheless, Greece has managed to maintain a surplus in agricultural trade, though now a rather small one. In 1978 (the last year for which final Greek data are available), agricultural exports were valued at $1.13 billion, while farm imports amounted to $930 million.

The farm trade surplus is provided chiefly by exports of tobacco, fruits and vegetables (fresh, dried, and processed), olives and olive oil, wine, and raw cotton. With the exception of wine, these are commodities in which the EC tends to be less than self-sufficient and in which the United States has a competitive interest. Greece's deficit in livestock products and feedstuffs provides prospects for some reduction of EC surpluses and for reduced EC self-sufficiency in some commodities.

Greece is probably more purely complementary to total EC agricultural production—that is, less reliant on producing farm commodities like coarse grains and livestock products—than is any present or prospective member country except Portugal. While livestock production accounts for 60 percent of total agricultural value in the EC, crop production has 70 percent of the total in Greece.

Greece, as a Mediterranean country, joins Italy and southern France as an area especially suited to abundant production of fruits and vegetables, olives and olive oil, wine, Durum wheat, and to extensive grazing of sheep and goats. The entry of Greece thus is a harbinger of the direction in which the EC's degree of self-sufficiency will shift once Spain and Portugal have joined.

The EC now must begin listening more closely to producers of commodities not typical of the northern countries, which heretofore have dominated the CAP. Indeed, agriculture presented the thorniest issues to be grappled with in the final years of negotiation of accession, resulting in Greek adherence to a 5-year phasein period for the CAP (with the exception of a 7-year period for fresh and processed peaches and tomatoes), though in many instances Greece wanted immediate applicability.

Most Greek farms rely to some extent on the production of one or more of the commodities that present problems for the EC. Some of these commodities are either not adequately covered or sufficiently financed by the CAP. Others will raise budget costs through added outlays for intervention, production subsidies, and export subsidies. The details of the CAP—such as commodities covered and price regimes—that relate to the vexatious issue of the EC budget will be subject to some rethinking and possible change.

Livestock products. Insufficient price guarantees, fixed retail prices, and high land costs have tended to discourage meat output in Greece. Although Greece has achieved near self-sufficiency in pork and poultry, a sizable deficit exists in beef. Because of this deficit, the high level of EC meat self-sufficiency (95 percent or more) will drop with Greek's membership. Once in the EC, Greece will immediately face the greater productivity and quality of northern EC beef, EC beef stocks, higher retail prices (as consumer subsidies are removed in Greece), and higher inputs costs (as present subsidies of the Greek Government are dismantled).

On the other hand, the benefits of accession for per capita income and producer prices, the high transportion costs from nothern EC countries, and some potential for Greek meat exports to the Middle East, could improve the outlook for the Greek livestock industry in the long term.

Greece also has a deficit in some dairy items, mostly butter, but the small size of its market and its traditional taste preference will limit the extent to which Greece can help reduce the EC butter surplus.

At the same time, EC budget expenses may rise further because of the widespread production and consumption in Greece of sheep and goat products. These are commodities with major social and dietary implications in southern Europe. CAP modification may be required.

The United States has not supplied meat or dairy products to Greece. Yet a healthy Greek livestock sector is clearly in the interest of U.S. sales of feedstuffs, and it would not be likely to disrupt markets for high-quality U.S. beef.

Grain and feed. As with the EC itself, Greece has a wheat surplus and a substantial deficit in coarse grains. The United States is the major supplier of corn to both areas, shipping $146 million worth to Greece and $1.2 billion worth to the EC-9 in fiscal 1980.

Greece is only a minor exporter of rice, which is a short-grain variety that does not compete with U.S. rice. In fact, Greece is an importer of medium- and long-grain varieties.

With the exception of some shift toward Durum wheat, Greek grain production is not expected to be significantly altered by application of the CAP. Greek support prices already are about equal to the high EC support prices. Corn expansion, in particular, is limited by the likelihood of greater price improvement of competing crops on irrigated land. Given expected long-term strength in the livestock sector, Greece should remain a large importer of corn.

However, Greek subsidization of grain prices to domestic processors and livestock feeders will be terminated after accession, which could increase interest in nongrain feedstuffs. EC levies on grain imports and removal of Greek duties on oilseeds will intensify that development. Together with improved domestic marketing possibility for vegetable oils, Greek crushing capacity and soybean imports should increase.

Fats and oils. Greece is the world's third largest producer of olive oil, exceeded only by Spain and Italy. Self-sufficiency is about 110 percent, despite the fact that average per capita consumption in Greece is by far the world's largest. Government import licensing, which must be removed at the time of accession, works to hinder access of other oils to the Greek market. The EC is only about 20 percent self-sufficient in vegetable oils and has an import regime without quotas.

The contrast between the Greek and EC supply positions would seem to augur for increased Greek olive oil exports to the EC at the expense of consumption of other oils. However, because of price and organoleptic properties, olive oil enjoys only limited substitutability with other oils. It is more realistic to assume that olive oil will be considered apart from seed oils.

Italy's large production has made the EC about 80 percent self-sufficient in olive oil. And in some years there are substantial surpluses, which add to the cost of maintaining high farm prices and production supports. Although not the major CAP expense, olive oil thus already harnesses the EC to a higher per farmer cost for CAP operation than for any other commodity covered.

Furthermore, olive oil production in Greece will be stimulated by EC producer prices (including direct payments) that are considerably higher than those previously available to Greek farmers. Storage capacity in Greece is being improved and augmented in anticipation of growth in the industry, but any added production here will aggravate the periodic surplus problems of the EC.

Some increase in EC consumption of olive oil may result from a consumption subsidy put into effect in 1979, aimed specifically at reducing its retail price disadvantage vis-a-vis other types of oil. However, the acceptability of olive oil in northern Europe is limited and slow to develop.

On the other hand, accession to the EC means higher retail price for olive oil in Greece, as well as removal of duties on imported soybeans—changes that are expected to reduce per capita consumption of olive oil in Greece and open the consumer market to other vegetable oils. Since oilseeds, rather than oils, are likely to be imported, some extra quantities of soybean oil may be exported from Greece, at least in the early years before consumer acceptance grows.

Tobacco. Long the largest Greek export earner, tobacco will greatly add to EC output and CAP expenditures, but CAP prices and export subsidies are not expected to stimulate Greek output of tobacco.

The EC takes only about one-quarter of Greek exports, and this is not expected to change significantly. Greece already enjoyed free access to the EC prior to accession, yet its share of the market has declined recently. Since 80-85 percent of Greek tobacco is oriental, the EC market for large-leaf tobacco is not expected to be seriously diminished for third-country suppliers, such as the United States, despite premiums paid to EC buyers for purchases of EC tobacco. Furthermore, entry of Spain and Portugal will lower EC self-sufficiency.

Cotton. Lack of sizable EC production—aside from relatively minor quantities in Italy—so far has precluded development of a CAP for cotton, which is an important crop in Greece. However, the accession agreement proposes a special protocol including deficiency payments on production that total no more than 125 percent of average EC-10 output in the 3 years prior to accession. Such payments would provide some stimulus for increased output.

Although usually a net exporter of raw cotton, Greece's exports have diminished as its textile output and exports have expanded. Continuation of this upward trend in textile exports should bolster domestic consumption and thereby siphon off expanded cotton production that would otherwise move into export. Greek cotton can compete with U.S. long-staple Upland varieties, yet two-thirds of Greece's exports have gone to Eastern Europe, mainly on the strength of financial enticements (bilateral clearing accounts) that must come to an end under the EC. Greek farmers may urge trade preferences in the EC for their cotton, but the Treaty of Accession expressly precludes measures restricting imports of non-EC cotton.

Fruits and vegetables. Greece is a major world producer and exporter of dried vine fruits, fresh and canned peaches, citrus and citrus juices, processed tomatoes, and wine. Since these items also are produced in Italy and France, they are viewed as a threat by many farmers there, especially since application of the CAP would stimulate further increases in Greek output, with the possible exception of citrus. Upon entry of Spain and Portugal, this could spell large and expensive EC surpluses, with the

Continued on page 35

Nihon Nogyo Shimbun Says Trading Firms Up U.S. Feedgrain Sources

Japan's leading trading companies are abandoning efforts to produce feedgrains in Southeast Asia and elsewhere, and are concentrating on expanding their sources of supply in the United States, according to a front-page story carried in the August 6 issue of Nihon Nogyo Shimbun, a Japanese agricultural newspaper.

The article, translated by the U.S. Embassy in Tokyo, follows:

Major trading firms, which have been pushing their projects for the development in and importation of grains from Indonesia, Australia, Thailand, Brazil, and elsewhere, have failed in most cases, without being able to show any conspicuous results. This has strengthened their view that "there is only the United States, which one can rely on, after all," and (as a result) they are devoting efforts for the consolidation of their structures for obtaining supplies from the United States, such as the construction of grain elevators.

This is because, in the case of production in Southeast Asia and elsewhere, there are very great difficulties, such as weather, soil condition, blight, insects, and labor shortages, on the one hand—while on the other, the firms have been forced to sell at international prices, which are resulting in deficits.

As a result, some of the trading firms are starting to withdraw, and there are no moves at all for new advances. On the other hand, Mitsui Bussan, Mitsubishi Shoji, and Marubeni have already launched into owning elevators in the United States and the Ito-Chu Trading Company is also studying a similar plan.

All these major trading firms are strengthening their moves to "shift" to the United States, which has a high possibility of increasing agricultural production. However, too strong an inclination toward a specific country also contains various problems, such as the sharp rise in the Chicago grain market recently, owing to the heat wave in the United States, directly affecting Japan. There now appears the possibility that the way for imports will come to be questioned once again, together with the raising of self-supply capacity at home.

In the field of grain development and imports, Mitsui Bussan built its Mitsugoro Farm in Indonesia in 1968, and launched into the growing of corn and milo. Occasioned by this, various trading firms advanced into this field, such as Mitsubishi Shoji (Pago Farm, Indonesia, 1973), Ito-Chu Shoji (Daya-Ito, Indonesia, 1971), Sumitomo Shoji (Lakeland Farm, Australia, advanced in 1970 and withdrawn in 1974), and Union Trade (Nokyo Agricultural Cooperatives Maize Farm, Thailand). There is also the national project (CPA, Brazil, 1978), which was occasioned by the U.S. embargo on the export of soybeans in 1973.

However, these development projects were unable to overcome the competition on the international market, such as the Chicago Grain Exchange, due to damage from blight and insects, low productivity, and the smallness of the scale of transactions, and they have been in the red continuously.

Japan's actual imports of grain from these projects amounted to only about 10,000 tons of corn in all, from Mitsui Bussan's Mitsugoro Farm and from Sumitomo Shoji's Lakeland Farm.

They say as follows: "Agriculture is different from the manufacturing industries. Unless there is Government aid, it is difficult to handle international commodities by development imports. It is now 10 years, but there were actually no development imports."

In the light of these circumstances, various trading firms have started to withdraw from the local areas. Today, these trading firms are all laying emphasis on measures for the strengthening of their structure for supply from the United States, from the awareness that "there is only the United States, which one can depend on, after all."

In 1978, Mitsui Bussan purchased from Cook Corporation, a grain major, a pierside elevator in the suburbs of New Orleans, seven inland elevators on the banks of the Mississippi, and a number of freight cars. Marubeni also secured a 4-million-ton-class pierside elevator from Cook, on a lease contract in Portland in 1978, and is heading in the direction of purchasing it in 1985. Mitsubishi also set up a joint-venture company with Coppel in Los Angeles, and has launched into the owning of elevators. As for Ito-Chu Shoji, it is "Continuing studies, watching the situation of other trading firms that have already advanced into the United States, whether it has actual merits to correspond to the investments, and the timing for the advance and the economic situation."

In the background of the advance of various Japanese trading firms into the United States, there is also the aim of "shifting from the tightrope-walking-type business through the majors, in the past, to engaging in full-scale transactions by going into the United States themselves." In other words, they had made their purchases from the grain majors at the Chicago Grain Exchange in the past, but this time they are aiming at establishing their own continuous distribution structure, from the collecting of the goods at the places of production, processing, and sales, by owning elevators.

However, our country is already dependent on the United States for 50 percent of the wheat it needs, 80 percent for corn and 97 percent for soybeans. The further strengthening of this trend contains problems, in considering the stability for the securing of food, for our country. For example, the effects of the poor crop in the United States due to the heat wave this summer, and the sharp rise of the grain prices on the Chicago Exchange will become bigger, the more Japan comes to rely on the United States for supply. Not only the need to raise the domestic self-supply capacity, as a matter of course, but also the need to restudy grain development imports from the standpoint of diversifying the sources of supply, in the field of imports, is coming to be pointed out. □

Tea Output, Exports Headed For New Highs, But Growth Rate Seen Slowing in 1980's

By Rex E.T. Dull

Although world tea production—and exports—hit record levels in 1980 and output should continue upward in the coming decade, the production growth rate is likely to slow in the 1980's. Also during this period, world tea export availabilities may tighten as consumption rises in some larger producing countries.

Tea production worldwide is placed at 1.81 million metric tons in 1980, a gain of 2.6 percent from 1979's level. A large crop in India, the world's leading tea producer, offset shortfalls in Kenya, the USSR, and Sri Lanka. Larger crops were also harvested in China, Bangladesh, and Turkey.

World tea exports totaled a record 822,000 tons in calendar 1979 and shipments in 1980 were expected to rise further, reflecting the bumper world crop and China's expansion in export markets.

As a result of a close balance between global supply and demand, world tea prices have been relatively stable the past 2 years after peaking in 1977. However, current high world sugar prices could curtail tea consumption and, with the record tea harvest, tea stocks may rise and prices weaken in the coming months.

Tea imports in 1980 by the United States, the world second largest importer, should top 1979's level of 79,239 tons worth $125.3 million.

On the production side for 1980, India harvested a bumper crop, well above the 1979 outturn of 549.600 tons and close to the record 1978 crop of 571,300 tons. China's 1980 crop probably was larger than in previous years, which, according to Chinese Government data, totaled 277,000 tons in 1979, 268,000 in 1978, and 252,000 in 1977.

With its production running 10 percent below year-earlier levels because of dry weather through August, Sri Lanka's tea crop was expected to recover somewhat in the remaining months of 1980. Final outturn is pegged at under 200.000 tons, still shy of the 206,400 tons produced in 1979. Moderate gains were expected for Turkey (110,000 tons) and Bangladesh (42,000) and only a slight increase for Indonesia (75,000).

Production in Kenya, Africa's top producer/exporter, fell under the record 1979 harvest of 99,300 tons because of dry weather conditions. However, given more normal growing conditions, Kenya's 1981 production should easily exceed 100,000 tons.

On the export side, India's tea shipments totaled 199,780 tons valued at $438 million in 1979 and exports in 1980 are seen falling between 200.000-210,000 tons. Domestic consumption rose 6 percent in 1979 to 338,000 tons, but only a marginal increase occurred in 1980, mainly because of rising sugar prices.

China's exports continue upward, totaling 106,830 tons in 1979 compared with 86,857 tons in 1978 and 40,939 tons at the start of the decade. Sri Lanka's exports slipped to 187,453 tons ($366 million) in 1979 from 192,553 tons ($409 million) in 1978 and little change took place in 1980.

Kenya was by far the largest African exporter in 1979, shipping 94,039 tons versus 84,976 in 1978. For 1979 exports, Kenya was followed by (1978's tonnages in parentheses): Malawi, 31,096 (30,777); Mozambique, 18.244 (16,700); and Tanzania, 15,024 (14,978).

Worldwide tea production will continue to expand in the 1980's, but at a slower rate than in the past decade. As land availability for tea decreases, larger crops must come from higher inputs of fertilizers and pesticides and from replanting with high-yielding varieties.

Because it takes 3-4 years to bring tea into production, supplies through 1985 will come mostly from bushes already planted. During periods of shortages, coarser plucking could make up any shortfalls, but lower quality teas would result.

Another problem facing tea producers is increased competition—especially in developed nations—from coffee, soft drinks, and related beverages. Nonetheless, tea is still the least expensive drink and the most popular beverage in developing countries.

Increased consumption in the larger producing countries may tighten export availabilities in the 1980's. India is now the world's largest tea consumer as well as the biggest producer. Most of the tea crops in Japan, Turkey, and the USSR are consumed domestically, leaving very little available for export. Chinese data show that nearly two-thirds of its crop is used for the market.

Exports levels for India and Sri Lanka—by far the two largest

Continued on page 18

The author is an agricultural economist, Horticultural and Tropical Products Division, FAS.

When picking tea, the top two leaves and one bud is plucked (top photo). Woman in India (above) harvests tea.

World Cocoa Bean Output Expected To Continue Uptrend Throughout Decade

World cocoa bean production is expected to trend upward during the 1980's, reflecting expansionary programs by the Ivory Coast, Brazil, and Malaysia. The high price levels of the mid and late 1970's have stimulated new plantings that will reach full productivity in this decade. Because it takes 4-5 years for new trees to come into production, supplies through 1985 will come largely from plantings already made.

In line with the longer-term outlook, world cocoa bean production for the 1980/81 crop year (Oct.-Sept.) is forecast at a new high of 1.63 million tons—slightly above the record 1979/80 harvest of 1.61 million tons.

The top producers (with estimated tonnages in parentheses) during the current season will be: the Ivory Coast (360,000), Brazil (325,000), Ghana (280,000), Nigeria (160,000), and Cameroon (120,000).

U.S. cocoa bean grinding during the first three quarters of 1980 were down, totaling 99,192 tons versus 123,332 in the same 1979 period. Lower U.S. grind levels in recent years have resulted in part from increased imports of semiprocessed cocoa products.

World cocoa grindings in 1981 will again be below production.

Continued use of cocoa substitutes and extenders, high sugar prices, and the economic slowdown in consuming countries are curtailing demand, despite declining cocoa prices. Although world market prices for cocoa have been falling, retail prices for finished cocoa and chocolate products are not expected to ease in 1981 because of soaring sugar prices and higher manufacturing costs.

These high sugar prices combined with the poor economic outlook in consuming countries have clouded near-term prospects for world cocoa consumption. For the fourth straight

The making of a cocoa harvest. In top photo, workers tend cocoa seedlings. A worker (above right) splits cocoa pods to get the oval-shaped cocoa beans inside. Cocoa tree (above left) sports a bumper crop of pods that grow directly from the trunk and limbs.

year, consumption in 1981 is expected to fall short of production, resulting in another sizable addition to world stocks. With demand being flat and production rising, cocoa supplies should be ample for at least the next several years.

The Ivory Coast's 5-year plan (1976-80) had envisioned production at 335,000 tons by 1980/81 and 480,000 tons by 1985/86, but 1979/80 production already has exceed the 1980/81 goal. However, the recent price decline has made the Government take a second look at its efforts to promote cocoa expansion.

Nonetheless, many new plantings are already in place and programs in effect would be difficult to reverse. So production trends are expected to continue along the present path in the coming years.

Brazil has been promoting the expansion of the cocoa industry, with a somewhat optimistic projected growth to 700,000 tons by 1993 from its current 300,000-ton level. Much of this expansion will come from replanting and rehabilitation of the traditional producing areas in Bahia, although expansion is planned in other States as well.

But, so far, the rate of new plantings is running behind schedule, and it appears doubtful that the expansion goal will be reached.

Malaysia is expanding output and is fast becoming a major influence in the world market. The country has the potential to produce well over 100,000 tons by the end of the decade. Production for 1980/81 is forecast to reach 40,000 tons, nearly double the 1977/78 harvest. Growers have found it profitable to intercrop cocoa with coconut, thus getting a double return from the same land.

Production in Ghana and Nigeria, in contrast, remains in a downtrend. Ghana, once the world's largest producer, has now slipped to third place, and Nigeria has fallen from second to fourth. Production in these two countries during the 1978/79 season fell to its lowest level in nearly two decades, and only a modest recovery, owing to more favorable weather, has occurred.

The decline in Ghana's cocoa bean outturn has attributed to low producer prices, which have resulted in neglect of farms and discouraged new plantings. Lower production levels also reflect declining productivity of older trees, rural-to-urban migration, and diversification to more profitable food crops. Increased output from the limited new plantings is being negated by declining yields of older trees, while capsid insect damage has increased as a result of reduced spraying.

In Nigeria, a somewhat similar pattern has developed. The migration to cities for higher paying jobs, inflation, and Government's emphasis on an industrial-based economy have all contributed to the decline of the cocoa industry.

Unless sweeping Government measures are taken, future cocoa bean crops in Ghana and Nigeria will likely remain near the current depressed levels.

Both Cameroon and Ecuador seem to have a limited potential to expand output, because the high level of rainfall in the cocoa regions of these countries causes significant losses from pod rot.

Thus, it appears that the major portion of global production gains in the 1980's will come from the Ivory Coast, Brazil, and Malaysia.

Demand for cocoa throughout the decade will be influenced by ever increasing competition from cocoa substitutes and extenders. High world cocoa prices of the past several years have prompted manufacturers to seek alternate products as a means of keeping costs down and remaining competitive with producers of other food and snack items.

Once manufacturers have altered formulas and have received consumer acceptance, they often are reluctant to revert back to old methods that utilize more cocoa. Substitutes and extenders are more stable in supply and less expensive than cocoa. Demand for cocoa also has been curtailed by a recent shift in manufacturers' product lines to more nonchocolate items.

A new International Cocoa Agreement was approved at the recent Geneva talks, but the Ivory Coast and United States elected not to join. The Agreement's objective is to stabilize cocoa bean prices between $1.10 and $1.50 per pound through a buffer stock scheme. □

World Tea Output

Continued from page 16

exporters—have shown little change for well over a decade. Sri Lanka's tea industry has been stagnated by Government policies while rising consumption in India has absorbed a large share of its production. Thus, any increase in exportable supplies in these two countries will likely be limited. As well, most Asian producers—except China—have only a marginal potential to expand exports. Production and export gains in Latin America and Oceania probably will be negligible in the coming years.

In contrast, African teas have registered sharp production and export advances, with continued expansion likely. African tea growers have a competitive edge over their Asian counterparts because of greater availability of fertile land, lower production costs, and less taxes.

In addition, African producers are continuing to make new plantings and there are extensive areas of young plants that will come into production in a few years.

However, political upheaveals in recent years have blunted expansion programs in several African nations. Uganda's tea production dropped from a peak 23,376 tons in 1972 to 1,832 tons in 1979. Mozambique's output also has been affected, but now appears to have regained its uptrend.

Undoubtedly, Kenya will remain Africa's top producer. By 1985, African exports are expected to comprise about one-fourth of the world total, up from 20 percent in 1975-79 and just 13 percent a decade earlier.

Over the longer term, higher production costs and diversion of more land for food crops will adversely affect tea production. Moreover, with greater revenues from petroleum exports, several Middle Eastern nations have increased tea imports, putting further pressure on supplies.

Producing countries claim that higher returns are necessary. To this end, efforts are being continued by several major producers to establish an International Tea Agreement. However, many African countries are still reluctant to support an agreement until they have completed their expansion programs and secured a larger share of the world market. □

Zimbabwe Taking Steps To Reverse Downturn In Corn, Wheat Output

Hit by two straight years of drought, Zimbabwe's corn and wheat production has plummeted from 1978/79 levels. However, a slight recovery in the corn harvest is expected during the current 1980/81 marketing year (April-March). Although wheat production is seen falling again this season, Zimbabwe hopes to reverse the recent downtrend in the 1981/82 season.

Long an exporter of corn, the country (formerly Rhodesia) will have to import this season. As production declines triggered stock drawdowns of both corn and wheat, the new Government has taken strong steps to reverse this slide. The immediate 1981/82 goals envision a return to substantial corn exports and possible breakthroughs in exports to nearby wheat markets.

Zimbabwe is still in its first year as a new nation—with independence achieved on April 18, 1980—following 15 years of unilateral declaration of independence (UDI) by Rhodesia and 7 years of civil war.

To attain its wheat production goals and to become again a large corn exporter after only a year in office would be a tremendous achievement for the new Mugabe Government. The neighboring countries of Mozambique, Angola, and Kenya experienced declines in agricultural production following their own independence. In recognition of Zimbabwe's strong agricultural base and infrastructure, the heads of state of nine countries in southern Africa recently met and assigned Zimbabwe the task of developing a food program for the region. A demonstration of its own agricultural productive power would be welcome by the new Zimbabwean Government.

Wheat, the principal breadgrain of the white population, is eaten to an increasing degree by other urban groups. Before UDI, wheat requirements were met largely by imports, but following the imposition of sanctions the Government and farmers launched a drive for self-sufficiency. This was achieved in the mid 1970's, with even a little left over for export.

Corn has been a major crop here for many years. Prior to UDI, it was exported in substantial quantities. Despite sanctions imposed by the United Nations after UDI and the downturn in exports, large amounts of corn exports were resumed, with year-to-year variations. With the sharp dropoff in corn exports past two seasons, the new Zimbabwean Government wants to move quickly to restore corn exports at high levels.

Throughout the country's history, a larger area has been devoted to corn than to any other crop. A staple food for the country's black population as well as a foreign exchange earner, corn is planted by the small subsistence farmers and large commercial farmers. Corn is also used for livestock feed.

Some three-fourths of the country's corn area is in the Tribal Trust Lands (communally held black areas). Here, corn yields are under one ton per hectare, far below those on Zimbabwe's large commercial farms. Yields on these farms are high—more than 5 tons per hectare in most years. This level approaches the U.S. average. In recent years, the large farms have accounted for only about one-fifth of the country's corn area, yet they have turned out about two-thirds of the total corn production. In the past 2 years, Zimbabwe's corn crop has been badly hit by drought. Farmers were expected to harvest about 1.3 million tons in 1980. Production was up slightly from the previous year's level of 1,162,000 tons, but well below 1,616,000 tons produced in 1978.

To boost production and to re-establish the country's position as a corn exporter, the Government is increasing the pre-planting price to producers for 1981/82 a whopping 60 percent to Z$120 per ton or US$192 a ton (Z$1-US$1.6). As a result, production is expected to jump substantially—possibly to the range of 1.7-2.2 million tons in 1981.

The civil war affected both the country's production and consumption of corn. It had a great impact on blacks living in the Tribal Trust Lands where many people deserted their homes and moved into protected villages and into the cities. In terms of corn, this meant they ceased producing corn and began consuming that produced by others, thus creating an extra demand on short supplies.

As with wheat, all corn marketing is handled by the Grain Marketing Board (GMB) through a one-channel system under which all sales must be made to the Board, except for village trading in Tribal Trust Lands. It also handles all exports and imports. The Board buys corn at 38 depots that it operates around the country, with more being planned in the future.

There are four elevators that handle bulk grain while the rest of the crop is handled in bags. Shortage of capital, caused by the war, prevented the Board from building any silos for 6 years, but now 15 are expected to be completed within the decade as funds become available.

There are three "prices" paid to farmers by the GMB. A pre-planting price was begun in 1976/77 so that farmers could better plan their corn production goals. A second "prescribed price" is now merely the final price as published in the official Government gazette. The final price consists of the pre-planting price plus such supplemental payments that the Board is able to make after the season is over.

Prior to 1979/80, the corn price offered to farmers did not encourage increased production. The 1979 drought contributed to nearly 30 percent drop in production, triggering a drawdown in stocks from 310,000 tons to 67,000 tons.

For this year's marketings the Government raised the pre-planting price for corn from Z$60 per ton to Z$75. Farmers insisted this was not enough to make corn profitable. After a series of subsequent raises, the final price averaged about Z$84 per ton, depending on corn quality.

The added price incentive spurred

a 13-percent increase in corn area by commercial farmers in the 1979/80 growing season. With a less severe drought this year, production recovered as deliveries to Board jumped to an estimated 805,000 tons, compared with 512,000 tons a year earlier.

The new Government acted promptly to solve the long-range corn supply problem, pushing the pre-planting price, announced this year, all the way to Z$120.

Now, farmers are planning to increase corn area.

Corn has always been an important foreign exchange earner for the country and reasserting this position appears to be a chief goal of the new Government. Exports tumbled from 554,000 tons in 1978/79 to 240,000 tons the next year.

Zimbabwe's corn exports in 1980/81 are estimated at about 30,000. This quantity was shipped early in the season to Zaire in compliance with a long-standing commitment. When the Government realized how short its supplies of white corn were, exports were stopped. Given the recently improved supply situation, exports to Zambia are being considered.

However, with a bumper crop in the offing, a return to exports in the range of 400,000 tons may be possible, during 1981/82.

The first year after imposition of U.N. sanctions, corn exports trickled to almost a complete stop. However, a way was quickly found to evade the sanctions and exports soon rebounded.

On the import side, the country has had to import corn only five times in the 20 years prior to the 1980/81 season. Recently, planned purchases of 150,000 tons from South Africa were stopped in August 1980 after 89,000 tons had been imported. Additional imports in 1980/81 include 15,000 tons through the World Food Program, with another 15,000 tons under discussion.

Zimbabwe's wheat situation has gone from almost complete reliance on imports to self-sufficiency in the past 16 years. In 1965/66 the year of UDI, the country produced only about 4,000 tons while importing 85,000 tons.

With the pressure for self-sufficiency generated by the U.N. sanctions that followed UDI, farmers

Continued on page 35

A Look at EC Feed Resources

By Ernest Koenig

The European Community (EC) is one of the world's leading producers of livestock products. The output of meat, poultry, milk products, and eggs taken together exceeds the combined output of these products in the United States. The EC produces less meat than the United States but more milk and dairy products. Unlike the United States, it is heavily dependent on imports of feedstuffs. The EC is not only the largest U.S. foreign outlet for farm products, but two-thirds of U.S. exports to the EC consist of grains and feed. It is therefore of great interest to understand the use of feed in the EC.

For purposes of analyzing and comparing feeds, it is convenient to express them in a common unit. Two concepts lend themselves for this purpose: The feed unit, which is equivalent to the net energy value of a unit of barley; and the crude protein unit, which indicates the crude protein content of a given weight of feedstuffs. Livestock numbers are expressed in terms of gross livestock units.[1]

During the period 1970/71-1976/77, feed consumption in the EC averaged about 270 million metric tons of feed units per year. Of these, some 87 percent were produced domestically and 13 percent were imported. The EC also utilized annually an average 49 million tons of raw proteins, of which 84 percent were of domestic origin and 16 percent imported. Over the years, the use of total feeds tended to increase and so did the use of proteins. Moreover, the share of imported feed also showed a tendency to increase.

Close to 60 percent of the EC's agricultural area is used for forage production. This percentage varies among the Member States. It is highest in Ireland (over 90 percent) and in the United Kingdom (about 75 percent) and lowest in Denmark (30 percent). If the EC were to be self-sufficient—that is, if the feedstuffs imported in 1977/78 had been produced at home (assuming suitable growing conditions and yields equal to those now reached)—the EC's agricultural land would have had to be extended by some 11 percent devoted entirely to feed production. Imports in 1977/78 were equivalent to some 11 percent of the productive potential of its land.[2]

In 1976/77—the most recent year for which comprehensive feed estimates are available—some 121 million tons of the total feed units used were supplied via the market. Some 138 million tons (53 percent) were produced and used on the farms without entering the market. As regards proteins, 20 million tons were purchased and 27 million tons (57 percent) were produced and used on the farm. The domestic supply of all marketed feed (in terms of feed units) represented 65 percent and imports were 35 percent of the total.

However, the dependence of the Community on imported proteins is much larger. In terms of protein units only, 53 percent of the total marketable supply of protein-containing feeds used or available were domestically produced and 47 percent were imported. Thus, notwithstanding the comparatively abundant supply of domestic feeds, the EC depends heavily on imported protein in order to supplement its high starch-content feeds in feed concentrates.

Nonmarketed forage crops (fodder beets, silage corn, other roughage) as well as byproducts of grain and beet crops (straw, beet tops, and leaves) represent the bulk of the EC's starch and—interestingly enough—protein supply. Also, the major domestic marketable products (particularly grains and milk products) furnish more protein than the domestic protein products properly speaking; i.e. oilcakes and meals. In 1976/77, the

The author is a senior staff economist with the Office of the Administrator, FAS.

[1]The data used in this article are based on official EC statistics.

[2]G. Thiede, "Agrarwirtschaft" 1/1980.

EC's available supplies of oilcakes and meals amounted to about 19 million tons (product weight), of which 15 million tons came from imports. Soybean products (practically entirely obtained from imports) accounted for almost two-thirds of these supplies. Oilcakes and meals obtained from imports furnished more protein than domestic grains used as feed and as much as 28 percent of the energy derived from them.

The progressive use of modern feeding methods has led to a considerable increase in the purchase of feedstuffs. The share of feeds in total farm purchases of current inputs rose from 45 percent in 1975 to 49 percent in 1977. It represented 32 percent of the value of livestock production in 1975 and 37 percent in 1977. The value of purchased feeds as percentage of the value of livestock output was highest in the Benelux countries, but also high in Italy, which has limited feed resources; it was lowest in West Germany, France, and Ireland, where large quantities of feed are used directly on the farm.

The use of efficient feeding methods (and particularly imported protein) led to higher livestock productivity and increased livestock output but also to surplus production, which must be stocked or disposed of at home and abroad at considerable cost.

The EC dairy surplus problems (but also occasional surpluses of soft wheat) have been attributed by some EC officials to the rising use of imported proteins and of tapioca. These products are not subject to the EC's import levy system—which maintains domestic grain prices substantially above world market levels—and are therefore used in preference to domestic products on account of their comparatively low prices. For instance, in mid-May 1980, the price of 1 metric ton of soybean meal was about 17 percent lower than that of corn bought in the EC. However, such meal furnished roughly as much energy as corn but five times more protein. Imported tapioca was about two-thirds lower in price than corn. Yet it furnished as much starch, though practically no protein, which in turn called for the admixture of cheap (i.e. imported) protein in feeding rations. For the price of 1 kilogram of milk, EC producers can purchase 1.3 kilograms of imported concentrates, which yield an average 2 kilograms of milk.[3]

The EC has blamed its dairy surpluses on the low costs of levy-free imported feeds rather than on the high support prices for milk products. These imports (i.e. those of oilbearing and protein-containing materials) have also led to vegetable oil and margarine prices which are much lower than those of butter or those of olive oil. This price discrepancy between substitutes will be compounded with the adhesion to the EC of Spain, Greece, and Portugal—countries with large olive oil outturns.

The EC has been considering an increase in the domestic production of leguminous crops (pulses) and

[3]Thiede, ibidem.

EC Livestock Units and Use of Grain, Oilcakes, and Soybean Meal Per Livestock Units, 1970/71-1976/1977

[Product Weight]

Year	Gross livestock units[1]	Grain	Oilcakes	Soymeal
	Millions	*Kg/unit*	*Kg/unit*	*Kg/unit*
1970/71	81,019	820	180	90
1971/72	81,557	830	200	90
1972/73	83,862	850	190	100
1973/74	86,554	830	180	100
1974/75	87,052	810	180	110
1975/76	86,273	790	220	120
1976/77	86,707	770	220	120

[1]Combined number of cattle, hogs, and poultry in terms of gross livestock units.

EC Feed Resources by Origin and Product

[Percentages, in terms of total feed and protein units]

Product	Feed units			Protein units		
	Domestic	Imported	Total	Domestic	Imported	Total
Grains	24.2	38.4	26.5	13.5	14.9	13.8
Pulses	.1	.4	.2	.2	.5	.2
Potatoes	.5	—	.4	.3	—	.2
Vegetable oils	.3	.4	.3	—	—	—
Processed green fodder	.4	.7	.4	.6	1.1	.7
Tapioca	—	9.2	1.5	—	.7	.1
Other crop products	—	2.2	.5	—	1.2	.4
Byproducts of grain and sugar processing	6.5	11.7	6.3	5.1	9.9	6.1
Oilcakes	1.2	35.3	6.7	2.8	67.9	15.7
Fishmeal	.2	1.1	.3	.7	3.6	1.3
Milk products	2.8	—	2.6	3.4	—	2.6
Other animal products	.1	—	—	1.8	.2	1.5
Total marketed	36.4	100	45.7	28.4	100	42.6
Total not marketed	63.6	0	53.3	71.6	0	57.3
Grand total	100	100	100	100	100	100

Totals do not add due to rounding.

EC Feed Resources, 1976/77

Item	Feed units		Raw protein units	
	Amount	Share of total	Amount	Share of total
	Mil.MT	*Percent*	*Mil./MT*	*Percent*
Domestic resources:				
Marketed	79,040	31	10,692	23
Generally not marketed	137,891	53	26,915	57
Total	216,931	84	37,607	80
Imports	41,986	16	9,304	20
Grand total	258,917	100	46,911	100

oilbearing materials (rapeseed, sunflowerseed) in order to reduce its dependence on imported protein. Although the area and production of oilseeds have been greatly expanded since the coming into force of the CAP, a further expansion that would greatly increase the degree of self-sufficiency in proteins is unlikely.

In order to make imported oilbearing and protein-containing materials and tapioca less competitive with similar domestic products, the EC has been repeatedly considering the imposition of a tax on these products or limiting their importation through voluntary restraints. The EC has recently concluded a voluntary restraint agreement with Thailand regarding tapioca, but attempts to impose a tax on oilbearing materials have not been successful. It remains an open question as to how the EC will tackle this problem in the future. □

U.S. Governors Focus On Farm Export Challenges

By Joseph A. Kinney

After years of preoccupation with industrial and technological growth, the United States finally is rediscovering its roots—agriculture—and the tremendous trade opportunities therein. U.S. farm exports shot from $8 billion in fiscal 1971 to an estimated $40 billion in fiscal 1980, and they could hit $100 billion by the decade's end, says the author, who is Staff Director of the Committee on Agriculture, National Governors' Association.

Besides the obvious need for continued production growth, he sees a commitment to trade as the key to future export expansion. The following article is based on a speech by Kinney before the U.S. Agriculture Development Council in early September.

This nation's governors believe in the need to maximize exports and have committed themselves and their resources to seeing the U.S. export market grow. Increased exports lead to increased income, greater economic efficiency, and jobs for U.S. citizens, whether they work at an FS fertilizer plant in Pittsburgh, Kansas, or a steel mill in Pittsburgh, Pennsylvania.

In fact, governors collectively and individually realize, as much as any group in the country, that the United States must become a trading nation if its people are to develop and sustain any real economic growth during the 1980's. This is because the domestic market that offered so much promise in the 1950's and 1960's will not grow appreciably in the 1980's.

The United States exports 7 percent of its Gross National Product (GNP), as compared with nearly 30 percent of GNP by Japan, and 50 percent by West Germany. If George Gallup were to poll the Japanese or Germans, he would quickly learn that they attach a high priority to the need to export.

If the United States, as big and powerful as it is, were to export 10 percent of its GNP, the impact on the economy, including agriculture, would be phenomenal. The increase alone would create at least 2 million new jobs, measurably strengthen the dollar, and, perhaps, balance the Federal budget because of increased revenues.

Early in August, the nation's governors took a step toward making this country a trading nation. At its annual meeting, the National Governors' Association (NGA) created an agricultural export task force, which has been directed to report in February on a variety of issues. There are four key concerns:

First, the NGA will deal with the need for a specific export goal. I believe that we should commit ourselves to a goal of $100 billion in farm exports by the end of the 1980's.

Such a goal will be difficult to achieve. But it is far better to fail trying than to not establish a goal.

Farm exports already mean big business for many States. The top three States in farm exports—Illinois, Iowa, and Texas—had more farm exports in 1979 than the entire nation had in 1970. All three States could pass $8 billion each by 1990.

Second, the report will feature the contributions of farm exports to the economy generally. In 1979, the $32 billion in U.S. farm exports provided employment for about 1.6 million workers, including 670,000 in farming and 930,000 in nonfarm jobs. Further, farm exports generated about $63 billion in economic activity, including $26 billion in farming and $37 billion in nonfarming industries. Agricultural exports are now responsible for 15 percent of the jobs in farming and 20 percent of gross farm sales.

This is the message that must be taken to those in New York, Detroit, Cleveland, and Atlanta. It is a powerful story for industrial America that simply is not being told.

Third, there is a need to measure the performance of Federal and State programs and policies to date and to examine where the money is being spent and where the biggest payoff will be. Clearly, markets have flattened in some parts of the world while trending upward in other parts. Obviously, market maintenance responsibilities are important, but attention also needs to be focused on Latin America, Eastern Europe, Asia, and Africa to assure continued growth.

The fourth and final point that the task force will address concerns the need for public education. This is essential if the United States is to become a trading nation.

There are ways to educate the American people in this area. Governors themselves can make this the subject of addresses to general audiences. Commodity groups could consider purchasing advertisements in newspapers, much like the National Council of Farmer Cooperatives has done for many years.

Rome was not built in a day. It will take time and effort to achieve the objective of creating a trading mentality in this nation. But we need to go to work on these problems, and the time is now. □

USDA and International Agencies Together Combat Animal Diseases Around the World

By Martin Kriesberg

Animal and human diseases are no respecters of boundaries, crossing from one country to another with an ease that sometimes dismays the experts.

To halt these encroachments, the U.S. Department of Agriculture has in recent years begun to cooperate with various national and international organizations to combat animal diseases in many parts of the world—particularly in the Caribbean and Central America, but often as far away as Africa.

This task is complicated by the increased flow of people and goods within countries and across borders, a stream that raises the possibility that disease in one part of the globe will be introduced in another. This has made U.S. herds as vulnerable as those in more remote parts of the world.

In some instances, an infection introduced from another country would be disastrous to U.S. stockmen. For example, with African swine fever—which spread from Africa or Europe to Cuba in 1971 and thence to the Caribbean—an infected herd would have to be destroyed since there is no known cure for the disease.

USDA's concern with animal disease problems in other countries was triggered by an outbreak of foot-and-mouth disease (FMD) in Mexico in 1946. This attack made the United States acutely aware of its vulnerability to disease infiltrating from other countries. A joint effort by the United States and Mexico eradicated FMD in Mexico in 1954. But their Governments went one step further; they established a commission to prevent future outbreaks. Both Governments contribute personnel and funds to this commission, whose mandate since has been enlarged to control the entry of other animal diseases from abroad. Since 1970, similar cooperative programs have been established in Panama and all other Central American countries.

At present, plans are being developed to complete the Pan American highway by crossing Darien Gap between Panama and Colombia. This could facilitate the entry of animal diseases into the United States unless strenuous efforts are taken to curb their movements. As a consequence, the Department has signed agreements with Colombia that will lead to measures to prevent the spread of FMD from Colombia following the highway construction.

The main USDA agencies involved in these efforts are the Animal and Plant Health Inspection Service (APHIS), the Plum Island Animal Disease Center near New York city, and the Office of International Cooperation and Development (OICD).

APHIS participates by monitoring the worldwide animal disease situation, often dispatching veterinarians and technicians to troubled areas to identify the disease affecting animals there. The Plum Island Animal Disease Center, operated by the Science and Education Administration (SEA), also provides diagnostic service and trains veterinarians and technicians from many parts of the world. OICD coordinates USDA technical assistance efforts when funded by other U.S. bodies such as the Agency for International Development or by international organizations.

In addition, OICD's International Affairs Division maintains constant liaison with international agencies to encourage them to take whatever actions are possible within their charters and resources to combat animal diseases.

Among the international organizations USDA cooperates with are:

- UN Food and Agriculture Organization (FAO),
- Pan American Health Organization (PAHO), and
- Inter-American Instititue for Cooperation in Agriculture (IICA) of the Organization of American States.

During the past 2 years, FAO has been active in fighting outbreaks of African swine fever in the Caribbean and in Latin America. Cooperating with FAO in this effort, USDA has provided FAO with technicians, as requested, for disease detection and training missions.

During this period (ending July 1980), FAO contracted for the services of over 25 USDA technicians, almost all of them engaged in the fight against African swine fever in the countries to the south. USDA personnel mostly served as consultants on missions sponsored by FAO and other international agencies on a reimbursable basis.

(PAHO also engaged six USDA technicians to work on a number of other animal disease problems in the region.)

FAO's animal health programs received new emphasis early in 1978 when Dr. Harry Mussman, then APHIS Associate Administrator, accepted the post as Director of the FAO Animal Production and Health Division. He brought to the Division—consisting of three subunits: The veterinary services group, the infectious and parasitic disease group, and the trypanosomiasis/tsetse control group—a renewed concern about the need to combat animal diseases as a means to increase livestock production, farm income, and overall rural development in the developing countries.

Regular program budgets for the

The author is Deputy Director, Office of International Cooperation and Development, and Coordinator, International Organization Affairs, USDA.

Division's animal health activities have been increased by $1.6 million (1975-79) to $2.1 million for 1980-81. The Division's 1980-81 resources will be boosted further by $4.35 million contributed by the United Nations Development Fund and other sources.

USDA and OICD representatives, participating in U.S. delegations to FAO governing bodies, have sought increased activity in this program area. Currently, FAO is trying to get member countries to contribute voluntarily toward a new $100 million fund to combat livestock diseases, particularly in Africa. It is believed that if animal trypanosomiasis/tsetse and other diseases can be controlled throughout the sub-Sahara, the effort would open up some 7 million square kilometers in 35 African countries to more productive grazing and farming and safer human habitation.

While primarily concerned with human health in the Pan American region, PAHO allocates about 11 percent of its annual budget to combat animal diseases affecting humans (zoonoses). It also works in the field of foot-and-mouth disease eradication.

PAHO helps support the Pan American Zoonoses Center in Argentina and the Pan American Foot-and-Mouth Disease Center in Brazil. Both centers provide advisory services and research essential to the early detection and control of such diseases.

The two centers have a cadre of professional personnel (mostly veterinarians) to work with national animal health agencies, but it has been difficult for the centers to get financing to broaden their programs to encompass other diseases. Delegations to PAHO are led by Ministers of Health of member countries; but they have been reluctant to siphon funds from urgent human health programs to what they perceive as the secondary problem of controlling animal diseases.

The Ministers have suggested that ministries of agriculture and livestock provide the funding to fight the diseases that affect their sectors. So far little has been accomplished along these lines.

Hence, when African swine fever was detected in several Western Hemisphere countries—particularly the Dominican Republic, Haiti, and Cuba—and PAHO was unable to mobilize the additional resources to cope with the problem, suggestions were made that a new international institution be established to meet such Hemisphere crises.

- In September 1978, U.S. Agricultural Secretary Bob Bergland sought the aid of U.S. Ambassador Gale McGee, U.S. representative at the Organization of American States, to establish such a body.
- In November 1978, OAS Secretary General Alejandro Orfila also wrote Ambassador McGee regarding a resolution made at a meeting of Hemisphere foot-and-mouth disease experts that the OAS study the possibility of establishing a new animal health institution.

A month earlier the USDA/OICD delegate, representing the U.S. Government at the Executive Committee meeting of the Inter-American Institute for Cooperation in Agriculture, proposed that the Institute support a plan to coordinate national and international programs aimed at animal diseases having a significant impact on livestock industries in Latin America and the Caribbean. This recommendation—with the tacit support of the OAS—was sent to the IICA Board of Directors.

"This task (of safeguarding U.S. farm animals from disease) is complicated by the flow of people and goods. . ."

In the spring of 1979, the Board accepted the Executive Committee's recommendation and authorized an expenditure of $600,000 to get the program underway. It was designed not to duplicate the work of any other regional organization, but to fill in program gaps and help coordinate work of the other groups.

Dr. Frank Mulhern, recently retired Administrator of APHIS, was designated director of the program, and Dr. Pedro Acho was detailed from PAHO to work in the program at IICA. Early in the new endeavor, IICA's Director General convened a meeting of directors of animal health operations from each of the Hemisphere countries to plan IICA's activities and the related programs to be implemented by Member States.

IICA is currently concerned with strengthening individual and institutional capability in Latin American and Caribbean countries. It helps local governments draft legislation dealing with animal health matters, aids in establishing or strengthening of animal health units in the Ministries, and trains personnel. IICA also is establishing a Hemisphere-wide data bank of animal diseases, and is helping to establish a multicountry network of diagnostic laboratories.

The United States benefits from working with international organizations because the further away from the U.S. borders animal diseases can be controlled, the less likelihood U.S. herds will be infected. By increasing knowledge and understanding of animal diseases, particularly in developing countries, early detection is likely and livestock losses there may be reduced. Moreover, by sharing the responsibility more widely in the international community the costs of controlling animal diseases can be borne by USDA and other U.S. agencies, as well as foreign countries.

For example, the U.S. contribution to FAO is 25 percent of the assessed program budget, but less than 15 percent of all FAO operating resources. Similarly, the U.S. contribution to IICA's assessed program budget is approximately 60 percent, but is less than 30 percent of all its operating resources.

And finally, methods to contain the spread of animal disease often require unpopular actions by local governments, such as restricting grazing or destroying diseased animals. These steps can better be undertaken within the context of efforts by international organizations than as individual local actions. Moreover, in some instances, a strong unilateral involvement in the unpopular activities of a foreign country could adversely affect the relationship between the citizens of that country and the United States, a condition that is avoided by participation in the program of an international group.

The net effect is that everyone involved benefits from such programs under the aegis of an international organization, and the United States will seek other ways to strengthen such participation in the future. □

FACT FILE

U.S. Agricultural Trade—Fiscal 1980

U.S. Farm Exports Reach Record $40.5 Billion

Total U.S. agricultural exports in fiscal 1980 reached a record $40.5 billion, more than $8 billion over the year-earlier mark. Export volume increased 18 percent from last year, to 164 million tons. China and Mexico were two countries whose imports of U.S. farm products more than doubled in fiscal 1980. Mexico's agricultural imports from the United States accounted for nearly 40 percent of total U.S. farm exports to Latin America. Trade with China has skyrocketed since 1976, when the United States shipped virtually no agricultural goods to that country.

Strong foreign demand, especially among the Asian nations, made cotton the commodity showing the largest percentage increase in both value and volume of exports in fiscal 1980.

U.S. Agricultural Exports—Top Ten Country Markets By Value, Fiscal Years 1979 and 1980

Country of destination[1]	1979	1980	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Japan	5.061	5.749	+14
Netherlands	2.461	3.440	+40
Mexico	.972	2.003	+106
China	.884	1.937	+119
Germany, Fed. Rep. of	1.394	1.838	+32
Canada	1.670	1.750	+5
Korea, Rep. of	1.387	1.618	+17
Soviet Union	2.068	1.414	-32
Spain	.828	1.233	+49
Italy	.927	1.198	+29

[1]Not adjusted for transshipments.

U.S. Agricultural Exports—Top Ten Commodities By Value, FY 1979 and 1980

[In billion dollars]

Commodity	1979	1980
Corn	6.059	7.842
Wheat, wheat flour	4.775	6.555
Soybeans	5.444	6.164
Cotton	1.910	3.034
Soybean meal	1.365	1.642
Tobacco	1.292	1.349
Rice	.885	1.171
Grain sorghums	.551	1.050
Feeds and fodders	.690	.970
Sugar and tropical products	.733	.908

U.S. Agricultural Exports—Top Ten Commodities By Volume, FY 1979 and 1980

[In million metric tons]

Commodity	1979	1980
Corn	53.885	61.417
Wheat, wheat flour	32.217	36.948
Soybeans	20.194	23.833
Grain sorghums	5.222	8.199
Soybean meal	5.996	7.174
Feeds and fodders	4.304	5.651
Rice	2.397	2.955
Oilseeds other than soybeans	1.806	2.476
Cotton	1.396	2.047
Barley and oats	.397	1.543

U.S. Agricultural Exports—Top Ten Export Commodities To Top Ten Country Markets in Fiscal 1980

[In thousands of dollars]

Country	Corn	Wheat & flour	Soybeans	Cotton	Soybean meal	Tobacco	Rice	Grain sorghum	Feeds & fodders	Sugar & tropical products
Japan	1,441,428	575,026	995,705	543,783	51,819	206,093	491	494,903	65,454	132,059
Netherlands	261,403	115,278	1,540,723	3,328	328,598	91,669	261,403	13,010	576,136	22,330
Mexico	526,093	158,298	226,762	2,128	41,882	—	11,912	305,062	24,191	70,080
China	225,500	671,293	200,707	754,535	—	204	—	—	—	297
Germany, W.	184,775	14,882	363,350	76,226	230,589	205,779	12,662	—	113,589	20,335
Canada	66,296	475	97,023	95,389	83,075	26,664	36,126	319	39,921	150,268
So. Korea	270,649	286,796	121,144	474,144	—	45,274	219,655	—	393	6,630
USSR	21,689	395,300	213,240	118	—	1,749	691,311	—	—	4,005
Spain	304,084	56,866	543,001	47,980	13,840	55,704	24	77,552	749	6,717
Italy	256,402	101,888	269,484	60,122	187,919	65,727	13,908	48	6,745	7,646

Major Regional Markets

The major growth markets for U.S. farm products in fiscal 1980 were Western and Eastern Europe, Asia, and Latin America.

The surge in exports to Western Europe was marked by a large increase in purchases of processed foods. Shipments to the centrally-planned economies of Eastern Europe were led by record-breaking levels of feedgrains and soybeans.

The growth of the Latin American market was also paced by increased feedgrain imports as countries there continued to expand livestock production. Farm exports to less-developed countries grew faster than those to developed countries, continuing a long-established pattern.

U.S. Agricultural Exports—Value by Region, Fiscal Years 1979, 1980, and Forecast 1981

[In billion dollars]

Region[1]	1979	1980	Forecast 1981
Western Europe	9.767	12.569	15.2
European Community	7.452	9.474	11.2
Other Western Europe	2.314	3.095	4.0
Eastern Europe	1.515	2.439	2.7
USSR	2.180	1.457	1.6
Asia	11.740	14.238	17.8
West Asia[2]	1.500	1.382	2.1
South Asia[3]	.687	.795	1.0
Southeast & East Asia[4]	3.535	4.329	5.5
Japan	5.101	5.775	6.9
China	.917	1.957	2.3
Canada	1.703	1.830	2.0
North Africa[5]	.833	1.257	1.9
Other Africa	.703	1.020	1.1
Latin America	3.372	5.482	6.0
Oceania	.162	.189	.2
Developed countries	16.733	20.363	24.3
Less developed countries	10.630	14.265	17.6
Centrally planned countries	4.612	5.853	6.6

[1]Annual data are adjusted for transshipments through Canada and Western Europe. [2]Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Gaza Strip, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen (Sana), Yemen (Aden), Oman, and Bahrain. [3]Afghanistan, India, Pakistan, Nepal, Bangladesh, and Sri Lanka. [4]Mongolia, Burma, Thailand, Vietnam, Laos, Malaysia, Singapore, Indonesia, Brunei, Philippines, Macao, Republic of Korea, Hong Kong, Taiwan, and Cambodia. [5]Morocco, Algeria, Tunisia, Libya, and Egypt.

Farm Trade Balance Widens; Top Imports Listed

U.S. agricultural imports set a new record in fiscal 1980, which together with the record-breaking export figure, added up to the largest farm trade balance in history.

Although the volume of sugar imports declined, the total value of sugar imports rose nearly 70 percent to $1.8 billion. Unit prices of sugar will continue to increase, by as much as 80 percent in 1981. Total value of coffee imports is expected to fall by $900 million in 1981, as unit prices drop. U.S. cheese imports were off in fiscal 1980 as consumer demand for cheese slackened.

U.S. Agricultural Trade Balance, Fiscal Years 1976-80, Forecast 1981

[In billion dollars]

Item	1976	1977	1978	1979	1980	Forecast 1981
Exports	22.76	23.97	27.29	31.98	40.48	48.5
Imports	10.51	13.36	13.88	16.19	17.27	18.5
Trade balance	12.25	10.61	13.41	15.79	23.21	30.0

U.S. Agricultural Imports—Volume of Selected Commodities, Fiscal Years 1979, 1980, and Forecast 1981

Commodity	1979	1980	Forecast 1981
	1,000 MT	*1,000 MT*	*1,000 MT*
COMPETITIVE			
Cheese	110	104	105
Meat and meat products	1,007	912	900
Sugar, cane and beat	4,245	3,920	4,300
Tobacco, unmanufactured	165	169	160
Tomatoes, fresh	325	303	290
Vegetable oils and waxes	745	649	625
Wine[1]	346	383	425
NONCOMPETITIVE			
Bananas and plantains	2,409	2,424	2,450
Cocoa beans	190	140	195
Cocoa products	160	175	175
Coffee, green	1,193	1,105	1,150
Coffee, processed	55	46	50
Rubber and allied gums	798	629	675
Spices	71	71	75
Tea	73	86	87

[1]Million liters.

Japan

U.S. Fun Food Festival Reports Sales Exceed Targets

Overall scenes from the U.S. Fun Food Festival in Tokyo, August 26-27, 1980. Foods exhibited consisted of snack foods such as raisins, nuts, popcorn, potato chips, and other "hand-to-mouth" items. More than 1,000 persons attended and placed orders totaling more than $1 million. Orders during the next 12 months were expected to reach about $16.5 million.

Participants in a 2-day American Fun Food Festival in Tokyo, August 26-27, 1980, report that the 1,000 plus visitors placed orders for more than twice the amount targeted for on-floor sales and about 16 times the figure set for sales in the 12 months following the Festival.

Goals had been set at $500,000 for immediate sales and $1.0 million projected for the 12 months following the exhibit's close. Actually, however, on-floor orders were written for some $1.12 million and exhibitors believe the next 12 months will bring sales of about $16.5 million. Exhibitors also reported signing 52 agents and have indicated negotiations are underway with 18 agent prospects.

Registered attendance at the reception and exhibit, sponsored at the U.S. Trade Center in Tokyo by the Foreign Agricultural Service, numbered 1,528. Visitors consisted of Japanese wholesalers, retailers, hotel and restaurant food buyers, trading firm representatives, and food processors, all judged to be influential in their organizations, and members of groups that make purchase decisions.

Additionally, reporters from trade journals and the general press gave the event full coverage. A number of Japanese Government officials also attended.

The 18 commercial exhibitors and 4 U.S. trade associations participating in the Tokyo event exhibited a wide galaxy of U.S. food products featuring snack items such as raisins and nuts, as well as popcorn, potato chips, and other "hand-to-mouth" snacks.

The American Fun Food Festival in Tokyo is just one activity in a wide variety of events sponsored by FAS during fiscal 1980. Exhibits planned during fiscal 1981 include an International Food Exhibit in Rimini, Italy, in February; a Hotel, Restaurant, and Institutional Exhibit in Tokyo, in March; and solo FAS exhibits in Cairo, Hong Kong, and Taiwan. Sales teams also will visit countries on at least three continents.

U.S. food processors and exhibitors who want to show their products overseas at minimal cost are invited to participate in these and other FAS events.

Full information is available from the Export Trade Services Division, FAS/USDA, Washington, D.C. 20250. Telephone (202) 447-6343. □

Canada

Beef and Pork Exports Seen Higher in 1980; Imports To Fall

Canadian beef herd at Mile 1,019 in the Yukon Territory. Canada's 1980 cattle herd may be slightly larger than 1979's.

Canadian imports of beef and veal during 1980 are projected to drop to 49,300 tons (product weight), almost 13 percent below 1979's 56,458 tons and nowhere near the global import quota level of 77,882 tons.

Beef and veal exports in the early months of 1980 were significantly higher than in the year-earlier period, although some tapering off in export activity may have taken place in the second half of the year.

The yearend 1980 cattle inventory is expected to reach about 12.8 million head, 3 percent above the year-earlier total. If the anticipated downturn in hog production continues through 1981 and economic conditions improve, there could be a substantial improvement in beef demand in 1981.

Reflecting pressure from recent large pork and poultry supplies, per capita beef consumption in Canada during 1980 may have fallen by 3 percent following a decline of over 12 percent in 1979. The outlook for beef consumption in 1981 may improve, given the projected declines in the hog industry, which could reduce the pressure on beef.

Pork exports during the first 8 months of 1980 jumped over 58 percent from the year-earlier total. Shipments to the United States—Canada's major market for pork—reached an estimated 59,000 tons during the first three quarters of 1980, more than double the level exported during the same period a year earlier.

Pork exports to Japan were off slightly during the first 9 months of 1980, but were more than offset by larger shipments to other destinations. Pork exports for the entire year are expected to jump over 50 percent above the 1979 level.

Pork production in the first 8 months of 1980 was about 22 percent above the 8-month level of the previous year. Hog slaughter in 1980 is forecast to reach about 14.3 million head, or 17.1 percent above the 1979 level. Total pork output can be expected to top 890,000 tons—about 19 percent above the 1979 level as higher slaughter weights contribute to the increase.

Pork consumption in 1980 is forecast to increase nearly 12 percent and raise the per capita consumption level to about 32.3 kilograms, reflecting the abundance of supply at low prices.

Canadian imports of mutton and lamb in the first 8 months of 1980 were 37 percent below the year-earlier levels, reflecting abundant supplies of pork at the retail level and the diminished value of the Canadian dollar in world trade. Total imports for 1980 are forecast at 15,000 tons (carcass-weight equivalent), down from 21,293 tons in 1979. Exports of mutton and lamb are negligible.

Mutton and lamb output in 1980 is forecast to reach about 4,800 tons—up nearly 15 percent from the year-earlier level. The 1980 lamb crop was the largest in 6 years.—*Based on report from Gary C. Groves, U.S. Agricultural Attaché, Ottawa.* □

Brazil

Government Hikes Wheat Prices To Dampen Demand, Cut Imports

The Government of Brazil has raised the selling price of wheat to domestic mills three times in 3 months in order to dampen the growth in consumer demand and to achieve savings through the eventual elimination of the wheat subsidy and reduced import costs.

The Government's goal is to stop the wheat subsidy by the end of 1982. The subsidy, instituted in mid-1972, has fueled an increasing consumer demand for wheat while domestic production has lagged behind and imports have soared.

In 1980, Brazil's total wheat utilization is estimated at 7.1 million tons, of which 6.6 million tons will go for domestic milling. With a 1979 production of 2.9 million tons, Brazil was expected to import 4.2-4.4 million tons in 1980 at a cost of about US$750 million, most of these imports coming from the United States.

This year these costs are expected to be even higher despite the latest efforts to reduce demand.

The three price increases (effective Aug. 18, Sept. 21, and Oct. 22) should lift wheat prices to domestic mills to around Cr$3,750 per ton or 140 percent above previous levels (60 cruzieros=US$1). As a result, the Government's wheat subsidy, originally estimated at Cr$62.5 billion in calendar 1980, should be reduced by 23 percent.

Prior to 1972, the price of wheat sold to Brazilian millers was above the cost of imports, with excess funds

used to finance domestic producer prices.

Because of increased world wheat prices since 1972, the Government decided to set the price of wheat sold to mills lower than world prices in order to protect Brazilian consumers.

Once in place, the wheat subsidy proved difficult to remove, owing to high domestic inflation and fluctuations in the availability of alternative foodstuffs produced locally. One consequence of the subsidy has been the incessant growth in wheat consumption because of wheat's relatively low price vis-a-vis substitutes, such as rice, dry beans, and manioc flour.

The problem has been compounded by the fact that gains in domestic wheat production have lagged further and further behind demand, resulting in larger expenditures of foreign exchange for wheat imports.

The quantity of wheat Brazil will have to import in 1981 depends not only on last year's crop, but also on the effect the reduced subsidy will have on consumption, which is likely to jump 4-10 percent to 7.4-7.8 million tons in 1981.

To meet its wheat needs in 1981, Brazil would have to import 4.5-5.0 million tons at costs ranging from US$800 million to US $1.0 billion, depending on price developments.

In addition to these expenditures from the Brazilian treasury, the cost of the wheat subsidy will remain significant in 1981. However, by 1982, the Government hopes that mill prices will have been brought in line with import prices and the subsidy eliminated altogether.—*Based on report from G. Stanley Brown, U.S. Agricultural Attaché, Brasilia.* □

Hong Kong

Cotton Imports To Set Record Of 255,000 Tons

Hong Kong's imports of raw cotton are likely to reach a record 255,000 tons valued at $364 million in calendar 1980, up from 197,000 tons valued at $277 million in 1979. Continued strong demand for Hong Kong cotton textiles is likely to keep Hong Kong's raw cotton imports at a relatively high level through 1981.

However, the 1980 world economic slowdown, and tightening of quotas in major overseas markets of the United States, West Germany, United Kingdom, Japan, and Australia were expected to cut the growth rate of Hong Kong's clothing and textile exports, both in volume and value in 1980, compared with 1979.

First quarter 1980 export data do not indicate such a slowdown. Textile exports in that period amounted to $866 million, up 22 percent over the level of the first quarter of 1979. This performance is in line with that of 1979.

Total cotton textile exports in 1979 amounted to $1,288 million, a jump of 18 percent over the 1978 level. Involved were four major factors:

- The demand for natural fibers relative to synthetic fibers appears to be strengthening owing to the price hikes of oil-derivative synthetic fibers and because of a shift back to natural fibers by consumers.
- Various bilateral agreements between Hong Kong and developed countries provide protection from lower cost producers now being given new quotas.
- Hong Kong has partially avoided quantitative restrictions that do bite by improving quality and "trading-up" to high value-added items.
- Hong Kong's highly capitalized textile industry has been able to respond to changing market demands more quickly than low-labor cost competitors such as the Philippines, Thailand, Sri Lanka, and PRC.

The United States, Pakistan, Tanzania, and the USSR are the major suppliers of raw cotton to Hong Kong. U.S. exports to Hong Kong could reach 140,000 tons (January to August exports in 1980 amounted to 110,000 tons), valued at close to $200 million in calendar 1980. Tight U.S. supplies may limit U.S. exports of raw cotton to Hong Kong to 100,000 tons in 1981.—By *Richard F. Nehring, agricultural economist, Economics and Statistics Service.* □

France

Record 1980/81 Crop No Bar To Larger Grain Imports

Despite a 1980/81 harvest estimated at a record 47.8 million metric tons—3.6 million tons higher than the 1979/80 level—French grain imports are expected to rise slightly above last year's level to 1.2 million tons. Exports in 1980/81 are forecast at 20.5 million tons, 2.4 million tons above the year-earlier level.

Owing largely to the policy of paying restitutions, exports were strong during the first half of 1979/80 and had reached a projected 14.8-million-ton level by June 1980. With only 1 month remaining in the crop year, France's grain exports were seen having little trouble attaining the year's projected 17.9 million-ton level. (Actual grain imports in 1979/80 were 18.1 million tons).

The approximate 27 percent drop in grain imports in 1979/80 largely resulted from a scaling down of corn imports as a consequence of a bumper French crop of 10.4 million tons—9 percent over the previous year's outturn.

Much of the imported corn was used by French feed compounders. Their grain consumption in the first 10 months of the 1979/80 crop year was 800,000 tons (19 percent) higher than in the previous year—5.58 million tons compared with 4.77 million in the August 1978-June 1979 period.

Two large French starch producers are reported to have increased their purchases of corn from southwestern France by some 300,000 tons in 1979/80, roughly the same amount as the drop in imports between 1978/79 and 1979/80.

Prospects for 1980/81 will be colored by a number of unknowns that differ considerably from circumstances of past years. The approximate 3-million-ton rise in wheat outturn in 1980/81 is expected to cause producers to pressure the EC Commission to find export markets for at least 2

million tons of the anticipated 3 million.

Finding new export markets for French grain is especially pressing since sizable grain crops are now the rule in the other Member States of the European Community. Also, it appears doubtful if more French wheat will enter intra-EC trade in 1980/81 than last year, although more wheat will probably be used in France for feed removing some of the pressure to export.

French grain sources see 1980/81 as a year when a large part of the crop can be exported to third countries because tradesmen expected the export restitutions to continue in the fall of 1980 without interruption, unlike previous years. This may improve the competitive standing of French wheat exports to the Mediterranean area.

Higher world grain prices will reduce the per unit restitution cost and serve as an incentive to boost France's wheat exports by permitting more subsidized wheat to be exported. It is believed that China and the Soviet Union may be major export markets for French grain this year.

France and China recently signed an agreement for the export of 500,000-700,000 tons of French wheat to China annually for the next 3 years, starting in 1980/81. The total value of these exports is estimated to be about $375 million.

Exports of French flour are forecast to rise in 1980/81 and French barley is expected to be in demand owing to the tight world feedgrain market.

France's corn crop came in a bit late, but its quality is high. Because carryin stocks were low, some corn was imported between August and October to fill the gap that existed until the new crop was harvested.

Soft wheat imports in 1980/81 were forecast to be near 270,000 tons, bought largely to improve the baking quality of French flour. Total grain imports are seen at about 100,000 tons higher in 1980/81 than in the previous year.—*Based on report by Turner L. Oyloe, U.S. Agricultural Counselor, Paris.* □

China

National People's Congress Outlines Agricultural Plans

Grain experiment station official examining wheat in field near Canton. The PRC's 1981 output goal is 342.5 million tons.

China's prime parliamentary body—the National People's Congress—founded in 1954, convened for the fifth time in Beijing from August 30 through September 10, 1980. Materials made public during the meetings gave observers a unique opportunity to verify what old policies continue to be espoused, and to identify new policies and programs.

Previously, self-sufficiency was stressed, but at this Congress self-sufficiency was downplayed, while internal and foreign trade was highlighted, along with specialization of production. There was also greater concern for raising living standards.

For the years 1979, 1980, and 1981, the State budget will be in a deficit situation of 17 billion yuan[1] for 1979, 8 billion for 1980, and 5 billion for 1981.

According to the Minister of Finance, deficits were caused because: The purchase prices of farm products rose; agricultural taxes were remitted in some rural areas; and both the number of people employed by the State and wages increased.

In spite of much rhetoric at the Congress emphasizing importance of the agricultural sector and the necessity to increase production, actual State assistance to this key sector has been constrained by efforts to reduce the size of the deficit. Although China's budget terminology is ambiguous and data incomplete, it appears that State support for agriculture in 1980 is below that of 1979 in terms of actual levels and percentage of total budget.

[1]One yuan equals 70 U.S. cents.

The gross value of agricultural output grew 8.6 percent from 1978 to 1979. China's leaders feel this high rate of growth cannot be sustained and estimate that the growth rate from 1980 to 1981 will be around 4 percent. They expect a 5.5-percent growth rate for the whole economy and a 6-percent growth rate for the industrial sector in 1981.

The total value of imports and exports in the first half of 1980 is reported to have exceeded the first half of 1979 by 20.2 percent. Foreign exchange earnings from other sources such as tourism rose also. The 1981 plan calls for increasing total import and export value to 55,900 million yuan, 4,200 million yuan more than the 51,700 million yuan expected for 1980. During the Congress, it was reported that by the end of 1980 the outstanding foreign debt was $3.4 billion.

The Congress passed a new marriage law that raised the marriageable age for men from 20 to 22, and for women from 18 to 20. The overall goal is to reduce population growth so that by the year 2000, total population will be less than 1.2 billion, compared with 971 million at the end of 1979. The population growth rate target for 1981 is 1 percent, compared with 1.1 percent in 1980.

During the Congress, authorities continued to stress foodgrain production, but also stressed expanding area sown to cash crops and increasing forestry, animal husbandry, and sideline production activity.

During the meetings, officials said higher bureaucratic levels are giving fewer arbitary orders to farm units. The former stress on increasing production without regard to production costs has lessened.

Rural or village market fairs once closed or severely restricted are now opening up again. Farm units and private households producing noncontrolled items are now able to exchange them at local village fairs.

The grain production target for 1981 is 342.5 million tons, an increase of 10 million tons over the 1980 level of 332.5 million.

Vice Premier Yao implied that the grain target for 1980 was 332.5 million tons, compared with 1979 production of 332.1 million tons. To even reach the 1980 target, China's farmers would have to obtain from the autumn crop an amount equal to last year's plus enough to cover the losses from the summer crop. Complementary evidence received thus far suggests 1980 grain production will fall.

Sugar production in 1980 is expected to be equal to the 1979 level of 2.5 million tons. The 1981 sugar production target is 2.6 million tons.

China estimates its 1980 cotton crop will reach 2.3 million tons, an increase of 93,000 tons over 1979's, although there have been hints the crop may be smaller. Output of cotton yarn is expected to reach or exceed the 1980 target of 2,775 million tons. The cotton output target for 1981 has been set at 2.55 million tons, up 250,000 tons from China's estimate of 1980 production.

The cotton yarn target for 1981 is 2.865 million tons, for a 3.2-percent increase over the 1980 target. Cotton yarn output and yearly increase rates from 1977 through 1981 are as follows:

Year	Output	Increase from previous year
	Mil. MT	*Percent*
1977....	2,200	(1)
1978....	2,380	8.2
1979....	2,630	10.5
1980....	2,775	5.5
1981....	2,865	3.2

[1]Not available. [2]Plan.

The decline in the rate at which yarn production has been growing may mean some softening of China's demand for imported cotton, particularly if China's production plans are met.—*Frederick W. Crook, Agricultural Economists, Economics and Statistics Service.* □

Peru

Third Year of Drought Brings Bigger Imports of U.S. Grain

Members of a Peruvian rice survey team visit in Washington, D.C., with FAS Administrator Thomas R. Hughes (third from left) on their October 1980 trip.

Peru's farm production—hard hit by 3 successive years of drought, inadequate capital investment, and lack of economic incentives—is projected to drop 10 percent during 1980 to the lowest point since 1959. Outturns of corn, rice, and sugar for 1980 are forecast at substantially less than 1979 levels.

Because of low production and strong demand, grain imports during 1980 are projected to be up over 20 percent from 1979 levels, with almost all the gain in coarse grains. Most of these imports will come from the United States, owing to higher prices in Argentina, Peru's other principal supplier.

As of September 5, 1980, Peru had increased its total 1980 purchases of wheat to 662,689 tons (497,546 tons from the United States and 165,143 tons from Argentina) and 350,000 tons of corn (all from the United States). Purchases of rice on that date totaled 210,591 tons (milled equivalent).

Corn imports for 1980 are projected at about 375,000 tons, with 1981 imports expected to hold at about the same level. In 1979, corn imports were about 125,000 tons.

Other Peruvian agricultural imports during 1980 are nonfat dry milk, butter oil, soybeans and soybeans oil, sorghum, and baby chicks.

As a result of the Government's recently liberalized import policy, soybean meal is now allowed entry, and livestock imports are increasing somewhat. Imports of about 40,000 tons of soybean meal, 3,000 tons of beef, 2,000 tons of mutton, and 6,000 tons of offals are forecast for 1980.

For 1980, coffee again was Peru's principal export. The continued poor performance of sugar production made it necessary for Peru—normally a sugar exporter—to import sugar in 1980. In August, retail and wholesale sugar prices were boosted, but were still kept below world prices to lessen the impact on consumers.

While 1980 cotton production has not been as affected by the dry weather as other crops, the recent sharp uptrend has been halted, and the currently estimated production of about 200,000 tons is slightly below last year's level. High carryin stocks and an expected mild downturn in consumption mean somewhat more cotton will be available for export and may reach 200,000 bales (480 lb net) in 1980/81.

Peru's soybean area—4,230 hectares in 1979—was expected to reach about 9,300 hectares by yearend 1980. Production in 1979 was an estimated 7,000 tons, and 1980 output is projected at about 13,200 tons.

Factors limiting soybean production include relatively restricted adaptable areas, low technology levels, relatively high production costs, and comparatively low yields. However, soybeans have proven a satisfactory second crop in Peru, particularly in rice areas. —*Based on reports from Richard L. Barnes, U.S. Agricultural Attaché, Lima; and Lisa J. Shapiro, Economics and Statistics Service.* □

Indonesia

Stagnating Coconut Oil Output Prompts Changes in Vegetable Oil Consumption and Trade

Indonesia has recently been plagued by declining productivity in its coconut industry and by demand for coconut-based cooking oil outstripping domestic availability. In response to significant and embarrassing coconut oil imports in 1978, the Government in mid-1978 launched a domestic substitution program of palm oil for coconut oil through a system of domestic allocations and fixed pricing. In 1979, the program paid dividends as coconut oil imports were reduced to 27,411 tons and no copra was imported.

This had the effect of cutting exports of more cheaply priced palm oil to about 391,000 tons, including 350,780 tons of recorded exports and eliminating palm kernel oil exports. Further, by the last quarter of 1979, Indonesia re-emerged as an exported of copra and coconut oil with exports of 20,708 tons and 7,589 tons, respectively, made in an effort to relieve growing stock levels.

Coconut production in 1980 is forecast at 1.575-1.625 million tons, coconut equivalent (against 1.56 million in 1979). Coconut oil production probably was flat once more but could have declined by as much as 5 percent. Coconut oil production is forecast at 500,000-550,000 tons in 1980, compared with 537,000 in 1979.

Through May, copra and coconut oil exports of 29,038 tons and 34,975 tons, respectively, were made. Combined coconut oil and copra exports in 1980 are pegged at 150,000-175,000 tons, coconut equivalent, with copra representing 35,000-55,100 tons.

By 1983, coconut production probably will not exceed 1.7-1.75 million tons, coconut equivalent, although official production targets have been revised up to 1.84 million tons. The Government has launched a loan program to begin replanting the aged coconut palms.

Palm oil production, after increasing 15 percent in 1979, is projected at 650,000-670,000 tons in 1980, compared with 605,789 in 1979. Despite the projected production gains, increased domestic utilization of palm oil was expected to curtail 1980 exports to 300,000-335,000 tons.

Palm kernel production is forecast at 120,000-125,000 tons in 1980, up from 114,559 in 1979. Again in 1980, only kernel exports from the private estates were allowed to move into export channels. Kernel exports are projected at 17,000-19,000 tons against 20,817 in 1979 as long-term Government export contracts have expired.

With the resulting larger crush, 1980 palm kernel oil production is estimated at 47,000-53,000 tons against 47,700 tons in 1979. The Government, at least temporarily, lifted the ban on palm kernel oil exports and licensed the shipment of 10,000 tons in June-July. It is currently estimated that such exports could have reached 20,000-30,000 tons in 1980, assuming continuation of the recent domestic edible oil surpluses.

Despite a soybean production gain officially estimated at 9 percent, 1979 soybean imports rose to 176,620 tons as the Government sought to stabilize retail prices in the local markets. Soybean imports in 1980 have been projected at 175,000-200,000 tons, with approximately 150,000 tons imported through May and an additional 24,000-ton cargo bought in early June. Soybean production in 1980 is forecast at 640,000-680,000 tons, against 673,860 tons in 1979, as farmers cultivate an additional rice crop. Soybean meal imports may have risen to 35,000-40,000 tons from 28,357 in 1979—and some trade sources earlier were estimating imports at 100,000 tons.—*Thomas M. Slayton, former Assistant U.S. Agricultural Attaché, Jakarta.* □

China

New Policies Encourage Record Livestock Gains

China's animal population was reported to be notably higher in mid-June 1980 than on the same date a year earlier, largely because of liberalized farm policies. Reported in a New China News Agency dispatch appearing in The People's Daily, the increase in sheep and goat numbers was the largest in the history of the People's Republic of China (PRC), while the rise in large animals (cattle, horses, mules, donkeys, and camels) was the highest in the past 3 years.

The data show that the number of hogs had risen by 1.5 percent (4.5 million head) to 314 million head; sheep and goats by 8.4 percent (15.9 million head) to 206.1 million; and large animals by 1.1 percent (1 million head) to 95.2 million head.

Slaughter numbers also were revealed to be higher.

The tonnage and animal number increases are attributable mainly to improvements in animal weight gain, a higher survival rate for newborn animals, and a general reduction in the animal death rate. The Chinese Government attributes the gains to new liberalized agricultural practices.

Among these were the lifting of restrictions on private animal husbandry and the granting of permission for Chinese peasants to use Government land to produce fodder crops for animals being raised by the private sector in both agricultural and pastoral regions.

If the liberalized policy remains in effect, as anticipated, it is probable the PRC's animal numbers at the end of 1980 will surpass those of 1979. And since the most notable increase in 1980 was in sheep and goats—both of which are grassfed animals—and there is abundant and underused grassland in China, the new liberal policy apparently has removed the greatest obstacle to raising such animals and has raised productivity.—*Based on report by William C. Tinklepaugh, U.S. Agricultural Officer, Hong Kong.* □

TRADE BRIEFS

U.S. Agricultural Trade Office Opens in Caracas

The latest U.S. Agricultural Trade Office (ATO) was opened in Caracas in early December by Assistant Secretary of Agriculture James C. Webster. The office services the southern Caribbean and northern South American trade areas—a market for more than $1.3 billion in U.S. farm products in fiscal 1980. Webster said the office will help U.S. trade associations working in the area as FAS market development cooperators as well as marketing groups representing individual States, U.S. exporters, and importers looking for suppliers. Marvin L. Lehrer is director of the trade office in the Venezuelan capital—the seventh such office opened worldwide under the Agricultural Trade Act of 1978. A similar office in London was opened in 1978 under other authority.

Portugal's Cotton Imports Rising; U.S. Is No. 2 Supplier

In reversing the downtrend of the past 3 years, Portugal's domestic demand for locally manufactured textiles has begun to recover. This, coupled with expanding foreign markets, boosted raw cotton imports and mill use an estimated 27 percent to 599,380 bales (480 lb net) in the 1979/80 marketing year. The textile industry's demand for high-quality U.S. cotton remains strong. The three leading suppliers of raw cotton to Portugal in MY 1979/80 were: Israel, 114,547 bales; the United States, 78,244; and Turkey, 69,555. Portugal's cotton imports in 1980/81 are expected to remain about the same as in 1979/80.

Mexico's Sugar Plan Sees Self-Sufficiency, Exporter Status by 1985

The Mexican Government has approved a comprehensive plan to spur sugarcane production and expand industrial processing capacity in an effort to return Mexico to self-sufficiency and exporter status by crop year 1984/85. The National Sugar Industry Commission has set a sugar production goal of 4.5 million tons by 1985 to cover domestic needs and allow exports of 50,000-100,000 tons. Stagnant sugar production and the rapid growth in consumption in recent years have forced Mexico to become a net importer of sugar.

USFGC's Feed Project Is Successful in Syria

A grain-ration project by the U.S. Feed Grains Council for the early weaning and fattening of lambs in Syria has been highly successful. The USFGC feeding trials at two private farms in Syria have clearly demonstrated the superiority of the grain-ration concept and the fact that the local Awassi breed can be profitably fattened on rations consisting of 83 percent corn or barley and 15 percent soybean meal. Expansion of the project to additional farms in Syria and seven farms in Jordan is next in the USFGC market development efforts in these two countries.

Argentine Beef Exports Revised Upward; USSR Is Top Market

Argentina's beef exports during 1980 have been revised upward to an estimated 465,000 tons, carcass weight equivalent (cwe). Continued strong demand from the USSR as well as larger sales than expected to the United States, the European Community, and Israel are responsible for the increased export volume. The USSR continues to be the largest purchaser of Argentine fresh, chilled, and frozen beef, with 1980 shipments expected to total at least 120,000 tons. U.S. imports of cooked and processed Argentine beef during 1980 are now estimated at 50,000 tons, compared with 69,000 tons in 1979.

Japan's Poultry Imports Below Year-Earlier Level

Japan's imports of poultry meat—mostly chicken meat—totaled 41,154 tons during January-August 1980, some 8 percent below year-earlier levels. Japan's imports of chicken meat, at 40,049 tons, were also 8 percent under the same 1979 period. Imports from the United States, the top poultry supplier, slipped just 4.2 percent to 23,524 tons—with the rate dropping less than those of other suppliers. During the same 1980 period, Japanese imports of U.S. turkey fell 17.4 percent to 384 tons, but the United States replaced China as the leading supplier of ducks, geese, and guinea with shipments of 308 tons, up 22.7 percent from the 1979 period.

Chile Challenges Peru In Fish Meal and Oil Output

Chile is challenging Peru as the major South American producer of fish meal and oil. Present levels of fish catch and processing indicate that Chilean fish meal production should reach 460,000-480,000 tons in 1980, compared with an estimated 475,000 tons for Peru. Chilean fish oil production is estimated at 90,000 tons—or 50 percent above Peru's expected output. Chile's fishery officials recently stated that they would not apply any restrictions on the anchovy catch as proposed by Peru.

Brazil To Ship 40,000 Tons of Poultry Meat to USSR

Brazil has agreed to export 40,000 tons of poultry meat to the Soviet Union, with the bulk of shipments expected to occur in 1981. This would mark the first time that Brazil has exported poultry meat to the USSR. Trade sources also reported recent Brazilian sales of 50,000-60,000 tons of poultry meat to Iraq.

Here & There

With growers optimistic over the size of this year's crop and with exchange rates favorable for the Canadian dollar, Canada's exports of fresh and seed potatoes are attractive on world markets. On the import side, Canadian purchases of U.S. potatoes were below average during the 1979/80 crop year . . . U.S. exports of soybean oil to Costa Rica rose substantially to 2,694 tons in January-October 1980, compared with 1,197 tons in 1979. Because disruptions in the flow of vegetable oil from Nicaragua to Costa Rica are expected to continue into the near future, opportunities for further expansion of U.S. soybean oil exports are favorable . . . For the first time, Italy is exporting significant amounts of frozen beef to the Middle East, mostly to Libya . . . A six-member Australian trade mission recently visited Malaysia with an eye toward joint-venture projects in cattle breeding and raising. The team also looked into the possibility of Australia supplying sugar and corn to Malaysia.

WORLD AGRICULTURAL DAYBOOK

JANUARY

Meetings

Date	Organization and location
Jan. 7-9	OECD Joint Working Party on Agriculture and Trade, Paris.
Jan. 8	Public Session on North American Trading Arrangements, New York City.
Jan. 12-30	UNCTAD Preparatory Meeting on Jute, Geneva.
Jan. 13	Public Session on North American Trading Arrangements, Dallas.
Jan. 13-14	U.S.-EC Working Group on Wine Trade Problems, Washington, D.C.
Jan. 13-15	American Seed Trade Association Mid-Year Meeting, Tucson.
Jan. 14-16	National Turkey Federation Annual Meeting, Orlando, Fla.
Jan. 15	Public Session on North American Trading Arrangements, Los Angeles.
Jan. 15-16	Egyptian Consortium, Cairo.
Mid-Jan.	Lamb Promotion Coordination Committee Meeting and Outlook Conference, Canberra.
Mid-Jan.	U.S.-Mexico Joint Meeting on Guayule, Mexico City.
Jan. 19-22	Tobacco Workers Conference, Lexington, Ky.
Jan. 25-27	National Cotton Council of America, Atlanta.
Jan. 26-27	National Cotton Council Annual Meeting, Atlanta.
Jan. 30	National Meat Association 40th Annual Meeting, Miami.

Trade/Technical Team Trips

U.S. Teams Overseas

Date	Team	To
Jan. 3-20	Millers' National Federation	Nigeria, Kenya, Sudan, Egypt.
Jan. 6	Kansas Farm Bureau	London.
Mid-Jan.	American Soybean Association's Soy Oil/Protein	India, Japan, Hong Kong, Malaysia, Singapore, Thailand.
Jan. 22-Feb. 7	Marketing Survey for Dairy Cattle	Saudi Arabia, Egypt, Greece.

Trade Fairs/Exhibits

Date	Event and location
Jan. 12-24	Western National Livestock Show, Denver.
Jan. 21-23	Southeastern International Trade Show, Atlanta.
Jan. 23-Feb. 1	Berlin "Green Week," West Berlin.

Zimbabwe Grain

Continued from page 20

were given price incentives to produce more wheat. They also found that wheat did very well on irrigated land, which was then being expanded. Also, wheat could be grown as a winter crop with good yields, while cotton and other crops—whose expansion was also being encouraged—could be grown during summer months.

Since the beginning of UDI, these prices have risen gradually, sometimes lagging behind inflation and other times moving ahead. However, in the late 1970's wheat surpluses began to appear. Therefore, the producer price was reduced in 1978/79 by 11 percent, leading to a sharp drop in production. For the 1980/81 crop, farmers were given a pre-planting price of Z$130 per ton versus Z$115 a year earlier. The final price for this season's crop has not yet been announced.

The 11 percent cut in producers' prices in 1978/79, from Z$123 to Z$110 per ton, coupled with a small increase the next year that failed to match inflation, proved effective in reducing Zimbabwe's wheat production. Output dropped from a record 212,000 tons in 1978 to 161,000 in 1979 followed by a slight dip in 1980. Meanwhile, small exports were made during this period—probably the first in the country's history.

Zimbabwe produces only small amounts of sorghum and barley. Sorghum is mostly consumed as a subsistence crop and barley goes primarily to breweries.—*Based on a report by James O. Howard, U.S. Agricultural Attaché, Pretoria.* □

Greece Joins the EC

Continued from page 14

exception of dried vine fruits. The danger of market disruption has caused the EC to institute a 7-year transition period to the CAP for fresh and canned peaches and fresh and processed tomatoes.

U.S. exports of dried vine fruits, citrus, and canned fruits generally have rested primarily on qualitative superiority. Therefore, assuming unrestricted third-country access to the EC, little threat to U.S. sales there is perceived in the coming decade. Potential EC subsidies on sales to third markets, as well as displaced exports of third-country suppliers, pose a greater competitive threat, although this is not likely to be a major factor until after full expansion. □

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

First Class

** FA SERIA300SBISSDUE012R 1
** SERIALS PROCESSING
** XEROX UNIV MICROFILMS
** 300 N ZEEB RD
** ANN ARBOR MI 48106

Will European Food Buyers See Your Products This Spring?

A top-level European Food Buying Mission will come to this country February 17-March 6, 1981, especially to attend six major U.S. food shows.

Will you and your products be there?

The Mission—about 75 importers, wholesalers, and representatives of major European food chains—will be executives who make purchasing decisions. They come from Switzerland, Belgium, Denmark, Norway, Sweden, Ireland, the Netherlands, West Germany, the United Kingdom, Spain, France, Italy, and Austria.

These buyers will be particularly interested in foods this country does best—Convenience and snack foods, portion-controlled meats, and hotel, institutional, and restaurant foods.

These will be lavishly displayed—along with seasonal and regional fresh produce—at the

FAS USDA	**International Food and Agricultural Trade Show** *New Orleans*	**Feb. 18-20**
	National Fancy Food and Confectioners Show *Houston*	Feb. 23
	United Fresh Fruits and Vegetables Convention and Exhibition *San Antonio*	Feb. 24, 25
FAS USDA	**Western Food Exhibitors' Show** *San Francisco*	**Feb. 27**
FAS USDA	**Mid-American Food Exhibitors' Show** *Chicago*	**Mar. 3**
FAS USDA	**Eastern Food Exhibitors' Show** *New York*	**Mar. 5**

Instead of spending thousands of dollars on a hunt for buyers throughout Europe, show your products to this handpicked group at the four FAS USDA shows. These are sponsored by FAS in cooperation with four regional U.S. agricultural trade associations and their member State Departments of Agriculture.

If you're interested in participating in one or more of these four exciting trade events—or want more information—contact Bob Sullivan, Export Trade Services Division, FAS, USDA, Room 4945, South Building, 14th and Independence SW, Washington, D.C. 20250.

OR BETTER STILL, call him at 202-447-6725.